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**REPORT OF THE UNITED NATIONS CONFERENCE ON TRADE AND  
DEVELOPMENT ON ITS ELEVENTH SESSION**

Held in São Paulo, Brazil, from 13 to 18 June 2004

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<sup>1</sup> The UNCTAD XI website, containing all material relating to the Conference, including the full programme, documentation and video recordings of statements, can be visited at the following address:  
<http://www.unctadxi.org>

## Preface

In conformity with General Assembly resolutions 1995 (XIX) of 30 December 1964 and 57/235 of 20 December 2002, the eleventh session of the United Nations Conference on Trade and Development was held at the Anhembi Convention Centre in São Paulo, Brazil, from 13 to 18 June 2004.

At the Mid-term Review conducted by the Trade and Development Board at its nineteenth special session in Bangkok in April/May 2002, the Government of Brazil offered to host UNCTAD XI in 2004. In its resolution 57/235 of 20 December 2002, the General Assembly welcomed that generous offer. The substantive agenda item and the subthemes for the Conference were approved by the Consultations of the President of the Trade and Development Board on 14 May 2003, and the provisional agenda for the Conference was approved by the Board at its fiftieth session on 10 October 2003.

At its fiftieth session, in October 2003, the Trade and Development Board established an open-ended Preparatory Committee for UNCTAD XI under the chairmanship of Mr. Zukang Sha (China), President of the Board, in order to consider the pre-Conference negotiating text. At its twenty-first special session, in May 2004, the Board received the report of the Chairman of the Preparatory Committee and decided to transmit the draft UNCTAD XI negotiated text to the Conference.

At the inaugural ceremony of the Conference, on 14 June 2004, welcoming remarks were made by Mrs. Marta Suplicy, Mayor of São Paulo, and Mr. Geraldo Alckmin, Governor of São Paulo State. Opening statements were made by Mr Thaksin Shinawatra, Prime Minister of Thailand, host country for UNCTAD X; Mr. Kofi Annan, Secretary-General of the United Nations; Mr. Julian Hunte, President of the United Nations General Assembly; and Mr. Luiz Inácio Lula da Silva, President of Brazil. Mr. Rubens Ricuperro, Secretary-General of UNCTAD, paid tribute to Professor Celso Furtado of Brazil.

At the opening plenary, also held on 14 June 2004, the Conference elected Mr. Celso Amorim, Foreign Minister of Brazil, as its President, and Mr. Zukang Sha (China) as Chairman of the Committee of the Whole. Statements were made by Dr. Surakiart Sathirathai, Foreign Minister of Thailand, host country for UNCTAD X; Mr. Celso Amorim, President of UNCTAD XI; Mr. Rubens Ricuperro, Secretary-General of UNCTAD; and Dr. Supachai Panitchpakdi, Director-General of WTO.

On 14 June 2004, a high-level segment was held on the New Geography of Trade: South-South Cooperation in an Increasingly Interdependent World. A High-level Round Table on Trade and Poverty also took place. In the course of the Conference, a series of interactive thematic sessions were held on topics related to the subthemes of the Conference. A number of parallel meetings were also held.

A Special Ministerial Meeting of the Group of 77 and China to Commemorate the Fortieth Anniversary of the Group of 77, a Ministerial Meeting of Least Developed Countries, a Ministerial Meeting of Landlocked Developing Countries, an Inter-Parliamentary Union Meeting, and a Civil Society Forum were held in conjunction with the Conference and transmitted declarations to the Conference.

At its 269<sup>th</sup> (closing) plenary meeting, on 18 June 2004, on the recommendation of Mr. Zukang Sha (China), Chairman of the Committee of the Whole, the Conference adopted the São Paulo Consensus, and on the recommendation of Mr. Clodoaldo Huguency (Brazil),

it adopted the Spirit of São Paulo. It also adopted an expression of gratitude to the Government and people of Brazil.

## Part I

### UNCTAD XI – THE SPIRIT OF SÃO PAULO

We, the member States of the United Nations Conference on Trade and Development, gathered in São Paulo, Brazil, between 13 and 18 June 2004, for the eleventh session of the Conference, agree on the following Declaration:

1. UNCTAD was created in 1964 as an expression of the belief that a cooperative effort of the international community was required to integrate developing countries successfully into the world economy. Since then, UNCTAD has made a substantial contribution to the efforts of developing countries to participate more fully and to adapt to changes in the world economy. UNCTAD has also provided an invaluable forum for advancing the interrelationship between trade and development, from both a national and an international perspective, across the three pillars of its mandate.
2. The Millennium Declaration, the Monterrey Consensus, the Programme of Action for the LDCs, the Almaty Programme of Action, the Barbados Programme of Action, the Johannesburg Declaration on Sustainable Development and the Plan of Implementation agreed at the World Summit on Sustainable Development, and the Declaration of Principles and the Plan of Action of the World Summit on the Information Society, as well as initiatives for UN reform, strengthen multilateralism and establish a roadmap for actions at the national and international levels in the process of mobilizing resources for development and of providing an international environment supportive of development. We are committed to joining all our efforts in the achievement of the goals established in those texts in the agreed timeframes. The United Nation system should actively pursue agreed development goals between now and 2015, as identified in the Millennium Declaration, and UNCTAD has an important role to play in efforts towards the accomplishment of these common objectives.
3. In spite of all the efforts at the national and international level to promote growth, development remains the central issue in the global agenda. The contrasts between developed and developing countries that marked the world in the early 1960s are still present today. In fact, the gap between them has increased in many respects. While globalization has posed important challenges and opened up new opportunities for many countries, its consequences have been highly unequal between countries and within countries. Some have reaped the benefits from trade, investment and technology flows and seem to be winning the struggle for development and for poverty eradication.
4. Most developing countries, however, especially African countries and LDCs, have remained on the margins of the globalization process. They still face major challenges for the realization of their economic potential and the incorporation of large masses of unemployed into the productive sectors. There is a need to focus on the ability of international trade to contribute to poverty alleviation. There is also a need for an increased focus on commodities, including the issue of instability in world commodity prices.
5. For all countries, it is important that, at the international level, efforts can be deployed and policies implemented in order to facilitate internal adjustments and to remove external constraints to put the developing world on a firm and sustainable path to development. We can rightly say that, 40 years after the foundation of UNCTAD, the relationship between trade and development, which is the cornerstone of its mandate, has become even more important with the deepening of globalization.

6. We are committed to the struggle for the eradication of poverty and hunger. Policy instruments and measures, at the national and international levels, should be adopted, in particular in the areas of trade and financing including through new financial initiatives, to encourage the creation of opportunities for the poor women and men of the world to have access to jobs and to stable and adequate remuneration. This is the sustainable road to reforms, stability and growth.

7. The plight of the least developed countries should receive the utmost attention from the international community. We are committed to generating and better utilizing additional international resources, market access and technical assistance for the LDCs in order to enable them to establish, in the context of effective national policies, a solid base for their development processes.

8. Multilateral trade negotiations, under the Doha Work Programme, should be accelerated with a view to an early and successful conclusion that fully reflects the level of ambition agreed to at Doha. As it places development at the centre of the multilateral trade negotiations for the first time, the Doha Work Programme converges with and reinforces the mandate of UNCTAD. In this regard, all WTO members are committed to making the results of the trade negotiations truly responsive to development concerns. The accession of developing countries, especially LDCs, and countries with economies in transition to the WTO should be facilitated.

9. We recognize that improved coherence between national and international efforts and between the international monetary, financial and trading systems is fundamental for sound global economic governance. We are committed to improving the coherence between those systems in order to enhance their capacities to better respond to the needs of development. The institutional dimension in terms of improved global governance is central here. We should also continue working on the creation of positive synergies between trade and finance and on how to link these efforts to development. In particular, attention should be devoted to improving international capital flows for development, through, *inter alia*, innovative financial mechanisms, as well as to dealing with the volatility of international capital markets. Measures to ensure long-term debt sustainability of developing countries should also continue to be subject to serious consideration and appropriate action.

10. We should also focus on future challenges and opportunities. In addition to national resources, capital accumulation and availability of labour, new factors such as information, innovation, creativity and diversity constitute the dynamic forces of today's world economy. We are committed to bridging the digital divide and ensuring harmonious, fair and equitable development for all and to building an inclusive information society, which will require partnership and cooperation among Governments and other stakeholders, i.e. the private sector, civil society and international organizations.

11. A more positive integration of developing countries and countries with economies in transition into international trade flows and the multilateral trading system depends also on the adoption of internal policies to move up the ladder towards sectors that incorporate innovation and that expand more dynamically. To achieve these results, countries should use the ability to explore options and maintain the necessary space for policy in order to arrive at the best possible balance between different approaches in their national development strategies.

12. The process of development requires increased participation of all social and political forces in the creation of consensus for the adoption of effective national policies. We acknowledge the importance of all stakeholders, i.e. Governments, the private sector, civil

society and international organizations, and the contribution all can make, in every country, to good governance. While development is the primary responsibility of each country, domestic efforts should be facilitated and complemented by an enabling international environment based on multilaterally agreed and applied rules. Development policies should recognize the importance of market forces, in the context of an enabling entrepreneurial environment that could include appropriate competition and consumer policies, in the promotion of growth, through trade, investment and innovation. They should also acknowledge the importance of the contribution of the state in conferring political and economic stability, developing the required regulatory frameworks, channeling resources for infrastructure and social projects, promoting social inclusion and reducing inequalities. We are committed to supporting national efforts dedicated to institution-building in developing countries. We also believe that cities and regions have an important role to play in these efforts.

13. Although still limited to a number of countries, there are encouraging signs that a significant source of global growth is being generated in the South. This new development is contributing to creating a new geography of world trade. We underscore the importance of initiatives to facilitate the emergence of new dynamic centres of growth in the South through additional steps for the integration of these emerging economies with other developing ones. This can be achieved, *inter alia*, by means of a more comprehensive Global System of Trade Preferences among Developing Countries, which should also address the problems of the LDCs.

14. Given the growing importance of regional and interregional initiatives, we encourage UNCTAD to further develop capabilities designed to assist countries to participate effectively in these initiatives, while ensuring functional and coherent linkages with the multilateral system.

15. The decisions we have adopted at this UNCTAD XI, in addition to the Bangkok Plan of Action, form a solid basis to build upon and are essential instruments in our continued commitment to support UNCTAD in fulfilling its mandate as the focal point within the United Nations for the integrated treatment of trade and development, on the road to its twelfth session in 2008.

## Part II

### THE SÃO PAULO CONSENSUS

1. Four years ago, at the tenth United Nations Conference on Trade and Development in Bangkok, member States concluded that globalization and interdependence have opened new opportunities for the growth of the world economy and development. Globalization offers new perspectives for the integration of developing countries into the world economy, and it can improve the overall performance of developing countries' economies by opening up market opportunities for their exports, by promoting the transfer of information, skills and technology, and by increasing the financial resources available for investment in physical and intangible assets. But globalization has also brought new challenges for growth and sustainable development, and developing countries have been facing special difficulties in responding to them. Some countries have successfully adapted to the changes and benefited from globalization, but many others, especially the least developed countries, have remained marginalized in the globalizing world economy. As stated in the Millennium Declaration, the benefits and costs of globalization are very unevenly distributed.

2. As the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, UNCTAD is expected to make substantial contributions to the implementation of the outcomes of recent global conferences. It will contribute to the implementation of international development goals, including those contained in the Millennium Declaration, and to the preparation of the 2005 comprehensive review of this implementation. It should contribute to the implementation of, and take specific actions requested in, the Programme of Action for the Least Developed Countries for the Decade 2001–2010, the Monterrey Consensus, the Johannesburg Declaration on Sustainable Development and the Plan of Implementation agreed at the World Summit on Sustainable Development, and the Declaration of Principles and the Plan of Action of the World Summit on the Information Society. It should also contribute to furthering the implementation of internationally agreed goals in the Doha Ministerial Declaration and other relevant decisions.

3. Since its inception, UNCTAD has consistently offered a perspective that looks closely at the trade- and development-related challenges of developing countries, as well as countries with economies in transition. Through its three major pillars, namely consensus building, research and policy analysis, and technical assistance, it has contributed to a better understanding of the development process and the factors contributing to uneven economic growth in developing countries. Coordination and synergies among these three areas of work should continue and be enhanced. UNCTAD's analytical capacity should be enhanced to ensure the high quality of research and analysis necessary to address key issues of importance to developing countries. The results of such analysis should support and reinforce UNCTAD's activities in consensus building and technical cooperation. UNCTAD's technical cooperation activities should also be strengthened through the implementation and follow-up of the new Technical Cooperation Strategy<sup>2</sup> that the Trade and Development Board approved at its fiftieth session. In all these areas of work, particular consideration should be given to the needs of least developed countries (LDCs).

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<sup>2</sup> Trade and Development Board decision 478(L) of 10 October 2003.



4. In the four years following the tenth session of UNCTAD, the Bangkok Plan of Action served as a comprehensive blueprint for the work of the organization. The São Paulo Conference reaffirms that the Bangkok Plan of Action<sup>3</sup> should continue to guide UNCTAD's work in the years to come. UNCTAD XI constitutes an opportunity to identify new developments and issues in the area of trade and development since Bangkok, and to generate greater understanding of the interface and coherence between international processes and negotiations on the one hand and the development strategies and policies that developing countries need to pursue on the other. UNCTAD can play an important role in helping to ensure that coherence for development. Advancing this objective is the overarching goal of the São Paulo Conference.

5. The Heads of State and Government gathered at the International Conference on Financing for Development in Monterrey in 2002 agreed that globalization should be fully inclusive and equitable. To achieve this, efforts should be strengthened at the national level to respond effectively to challenges and opportunities through the implementation of appropriate trade and macroeconomic policies and the design of development strategies that take account of the possibilities offered by globalization and interdependence in a forward-looking and proactive manner. While each country has primary responsibility for its own economic and social development, national efforts need to be complemented and supported by an enabling global environment, strong growth of the world economy, and international efforts to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development.

6. Given that globalization also has a social and human dimension, development strategies have to be formulated with a view to minimizing the negative social impact of globalization and maximizing its positive impact, while ensuring that all groups of the population, and in particular the poorest, benefit from it. At the international level, efforts have to converge on the means to achieve the international development goals, including those contained in the Millennium Declaration. These are essential for development in all countries and for escaping the "poverty trap".

7. There is a need to strike a balance between the objectives of efficiency and equity. Both the market and the state have an important role to play in the development process, and it is essential to ensure that their respective roles are complementary. Further development of the private sector and a market mechanism is critical for higher investment and faster growth, and this requires a conducive policy environment. At the same time, the role of the state is vital for designing and implementing development strategies, reducing poverty and attaining equitable income distribution, building physical and human infrastructure, addressing market failures where they occur, and providing enabling macroeconomic conditions and a sound regulatory framework.

8. The increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations have meant that the space for national economic policy, i.e. the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations. It is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space. It is particularly important for

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<sup>3</sup> Report of the United Nations Conference on Trade and Development on its tenth session, 12–19 February 2000 (TD/390).

developing countries, bearing in mind development goals and objectives, that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments.

9. Since the mid-1990s, UNCTAD has taken part in the United Nations reform process, playing an important role in some areas. In this context, based on the framework established by General Assembly resolution 58/269, the results achieved from the implementation of the Bangkok and São Paulo outcomes should be subject to intergovernmental review. Specifically, a mid-term review should be conducted by the Trade and Development Board in 2006. Further, building upon current practice, UNCTAD's annual report should focus more on results achieved, assessed against the organization's established strategic framework, with a clear set of indicators of achievement. This result-oriented annual report should form the basis for an annual review of programme performance by the Trade and Development Board.

10. UNCTAD should continue to contribute to, and participate effectively in, the ongoing United Nations reform process, which is aimed at *inter alia* deepening coherence and enhancing the effectiveness and impact of UN development activities. The organization's participation in that reform process will be reviewed through the existing intergovernmental mechanisms of UNCTAD. As the designated focal point for the integrated treatment of trade and development, UNCTAD has a special responsibility to contribute to the achievement of the international development goals, including those contained in the Millennium Declaration. Interagency collaboration, within UN mechanisms, should be enhanced. These processes will be guided by the relevant General Assembly resolutions. Technical assistance activities implemented by UNCTAD require an appropriate follow-up with a view to strengthening their effectiveness. The issue of continuous and predictable funding of UN development activities should be addressed. The preparations for the 2005 comprehensive review of progress towards international development goals, based on General Assembly resolution 57/270 B, will provide an opportunity for renewed focus on UNCTAD's contributions and should be commensurate with the needs of developing countries. The invitation for the President of the Trade and Development Board to participate in the high-level meeting of ECOSOC with the Bretton Woods institutions and the WTO is important and should be institutionalized.

11. UNCTAD and other international organizations should continue to cooperate closely, within their respective mandates, to enhance synergies, consistency, complementarity, coherence and mutual supportiveness of policies to strengthen multilateral cooperation for the development of developing countries while avoiding duplication of work. This cooperation should take into account the mandates, expertise and experience of respective organizations and create genuine partnerships. UNCTAD should also make its work more effective by broadening its cooperation with other development partners, including the private sector and civil society.

## **DEVELOPMENT STRATEGIES IN A GLOBALIZING WORLD ECONOMY**

### **Policy analysis**

12. Globalization remains a potentially powerful and dynamic force for growth and development, but the central challenge of globalization today is still to raise all boats and become a source of improved living standards for all people in the world. In an increasingly interdependent world economy, slow and unstable growth, weak commodity prices and

instability in the international financial system have made the task of reaping the potential benefits from globalization more difficult for developing countries.

13. The experience of the past two decades with development policies that have centred around greater openness to international market forces and competition and a reduced role for the state has shown that there is no automatic convergence of open economies, and that there can be no “one-size-fits-all” approach to development. There is now broad agreement on the need to shape development strategies in the light of the successful and less successful experiences of the past. Development strategies should be tailored to countries’ specific developments needs and circumstances. In developing countries that have been more successful in integrating into the world economy than others, rapid and sustained growth has been facilitated by a shift in economic structure from the primary sector to manufacturing and services, associated with a progressive rise in productivity. The engine of this process of structural change has been rapid, efficient and sustained capital accumulation in the context of a coherent development strategy.

14. Capital inflows to developing countries are generally welcome as a source of development finance, and some developing countries have benefited substantially from foreign private investment. However, volatility in international financial markets and particularly short-term private capital flows has had destabilizing effects on many developing countries, in particular emerging-market economies, which often do not have the necessary institutional capacity and regulatory framework to mitigate its impact. Such volatility has frequently contributed to problems in managing interest rates and exchange rates, and to financial crises. There have also been episodes of adverse indirect effects on other developing countries through contagion.

15. Official development assistance (ODA) continues to play an essential role as a complement to other sources of financing for development. It can be critical for improving the environment for private sector activity. For many countries in Africa, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing and is critical to the achievement of international development goals, including those contained in the Millennium Declaration, and other development targets. During the 1990s, reduced flows of ODA, among other factors, adversely affected productive investment, as well as social and human development, particularly in many African and least developed countries. Although ODA has picked up in recent years, the fact that these flows are, on average, still far below targeted levels continues to be a major cause of concern.

16. Moreover, during the 1990s there was a build-up of unsustainable external debt in many developing countries, and these debt problems continue to be a serious obstacle to the pursuit of economic and social development. Notwithstanding progress in the implementation of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the provision of substantial debt relief by bilateral official creditors, achieving long-term debt sustainability and at the same time a reduction in poverty remains a major problem for many low-income countries. Many recipient countries have identified difficulties that they face in complying with the conditionality attached to ODA flows and debt relief, and the complex process of preparing and implementing Poverty Reduction Strategy Papers (PRSPs). PRSPs constitute an important instrument in the context of a coherent approach towards the objective of poverty reduction, as well as an important instrument to access concessional financing. The issue of long-term debt sustainability in middle-income countries remains a concern. The new Evian approach of the Paris Club to treating debt in non-HIPC countries is noted.

### **Policy response and UNCTAD's contribution**

17. In order to enable developing countries to reap greater benefits from globalization and to achieve the international development goals, including those contained in the Millennium Declaration, there is a need to enhance the coherence and consistency of the international monetary, financial and trading systems and global economic governance. It is important that development should be at the centre of the international economic agenda. Enhanced coherence between national development strategies, on the one hand, and international obligations and commitments, on the other, would contribute to the creation of an enabling economic environment for development. There is a need to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting.

18. Measures to address problems arising from the volatility of international capital markets and short-term capital flows to developing countries should be considered at the international level, with a view to preventing financial crises and managing them appropriately should they occur. Such measures may include allowing developing countries the flexibility to choose exchange-rate regimes that are suited to their development strategies and their overall macroeconomic framework. Given each country's varying degree of national capacity, managing national external debt profiles, paying careful attention to currency and liquidity risk, strengthening prudential regulations and supervision of all financial institutions, including highly leveraged institutions, liberalizing capital flows in an orderly and well sequenced process consistent with development objectives, and implementation, on a progressive and voluntary basis, of internationally agreed codes and standards are also important. Domestic efforts to mitigate the consequences of external trade and financial shocks should be supported by effective international financial arrangements tailored to the needs of developing countries in a globalizing world economy. It is important to put in place a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors.

19. Increased and concerted efforts should be made by the international community and debtor countries to reach a lasting solution to the external debt problems of developing countries. Speedy, effective and full implementation of the enhanced HIPC Initiative, which should be fully financed through additional resources, is critical. Furthermore, all official and commercial creditors are urged to participate in the HIPC Initiative. Heavily indebted poor countries should take or continue to take policy measures required to ensure the full implementation of the Initiative. Careful consideration should be given in the relevant fora to options to deal with the HIPC sunset clause, which is scheduled to take effect at the end of 2004. In this regard, concerns have been expressed about issues such as the amount of debt that can be treated and the conditions for debt relief. In this context, it is important to have continued flexibility with regard to eligibility criteria and to keep the computational procedures and assumptions underlying debt sustainability analysis under review. Future reviews of debt sustainability should bear in mind the impact of debt relief on progress towards the achievement of the development goals contained in the Millennium Declaration. Innovative mechanisms should be explored to comprehensively address debt problems of developing countries, including middle-income countries, and countries with economies in transition, with a view to supporting their economic growth and development. Debt relief measures should, where appropriate, be pursued vigorously and expeditiously in the context of economic reforms, including within the Paris and London Clubs and other relevant forums.

Such measures should be supported by sound monetary, economic and fiscal policies in support of domestic investment, structural reforms and institution building. Developing country efforts to achieve and maintain debt sustainability should be supported by international assistance in the area of debt management and, where appropriate, by consideration of the provision of concessional finance and modification, including reduction, of aid conditionalities. With a view to supporting the economic growth and development of low-income countries, resources should be provided on appropriate terms, including in respect of the degree of concessionality and the level of grant financing.

20. Consistent with the Monterrey Consensus, developed countries should assist developing countries in attaining international development goals, including those contained in the Millennium Declaration, by providing adequate technical and financial assistance and by making concrete efforts towards the targets for ODA of 0.7 per cent of GNP to developing countries and 0.15 per cent to 0.2 per cent of GNP to least developed countries. This should be linked to efforts to improve the quality and effectiveness of aid, including through better coordination, closer integration with national development strategies, greater predictability and stability, and genuine national ownership. Donors should be encouraged to take steps to ensure that resources provided for debt relief do not detract from ODA resources intended to be available for developing countries. Developing countries are encouraged to build on progress achieved in ensuring that ODA is used effectively to help achieve development goals and targets. In addition, voluntary financial mechanisms supportive of efforts to achieve sustained growth, development and poverty eradication should be explored.

21. Good governance within each country and at the international level is essential for sustained growth and development. Sound economic policies, solid democratic institutions responsive to the needs of people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies are also essential and mutually reinforcing. Transparency in the financial, monetary and trading systems, and full and effective participation of developing countries in global decision-making, are essential to good governance and to development and poverty eradication. These basic factors need to be complemented by policies at all levels to promote investment, building of local capabilities, and successful integration of developing countries into the world economy. A crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies.

22. States are strongly urged to take steps with a view to the avoidance of, and refrain from, any unilateral measure not in accordance with international law and the Charter of the United Nations that impedes the full achievement of economic and social development by the population of the affected countries, and that hinders the well-being of their population.

23. The experiences of the developing countries that have been able to launch and sustain a process of economic growth offer some general lessons on the ingredients of consistent and effective national development strategies. Adequate attention has to be paid not only to the objective of keeping inflation under control, but also to the need to create monetary and financial conditions that are conducive to sufficiently high rates of domestic investment to sustain high growth, full employment, poverty eradication, and sustainable fiscal and external balances to ensure that the benefits of growth reach all people. Policies designed to provide a conducive environment for private firms to reinvest profits, raise productivity, build capacity and generate employment must be actively pursued. Trade and financial linkages with the world economy cannot substitute for domestic forces of growth, but they can be an important

complement to national efforts to promote growth and development. In order to maximize the benefits of globalization, the process of integration into the world economy should be tailored to the level of economic development of each country and the capacity of its institutions and enterprises. This process can be enhanced by well-designed measures in support of diversification of productive capacity and economic activities in areas that are the most dynamic in the world economy.

24. The different policy measures need to be applied in a pragmatic way that evolves through learning on the basis of concrete experience of what works and what does not in each country. There is a need for diversity in the formulation of national development strategies to meet the challenges of sustained economic growth and development, taking into account country-specific national development potentials and socio-economic circumstances, as well as different initial conditions in terms of size, resource endowment, economic structure and location. Indeed, policy options and responses must change in an evolutionary way as an economy develops, while paying attention to the need to avoid distortive and protectionist measures that could undermine economic growth and development.

25. Regional arrangements among developing countries and South-South cooperation play an important role in supporting national development efforts. Regional integration in the areas of trade and finance, and an improvement in regional infrastructure, can help create regional growth dynamics and larger economic spaces. Economic cooperation arrangements among developing countries, as well as other development-oriented arrangements at the regional level, such as the New Partnership for Africa's Development and the Tokyo International Conference on African Development (TICAD) process, should be supported by the international community.

#### ***UNCTAD's contribution***

26. UNCTAD should continue its important role and specificity in delivering policy analysis and identifying policy options at the global and national level. The analytical capacity of UNCTAD to undertake research on macroeconomic policies, finance, debt and poverty, and their interdependence, should serve to assist developing countries and countries with economies in transition to face the challenges of globalization. In its work on globalization and development strategies, UNCTAD should focus on interdependence and coherence:

- Identifying specific needs and measures arising from the interdependence between trade, finance, investment, technology and macroeconomic policies from the point of view of its effect on development;
- Contributing to a better understanding of coherence between international economic rules, practices and processes, on the one hand, and national policies and development strategies, on the other;
- Supporting developing countries in their efforts to formulate development strategies adapted to the challenges of globalization.

27. The work should help identify policies at the international and national level that are favourable to development. UNCTAD's expertise should be used to explore how globalization can support development, and how appropriate development strategies should be formulated and implemented in support of a strategic integration of developing economies into the global economy. The work should also support greater understanding of the

mutuality of interest between developed and developing economies in sustained and sustainable development.

28. At the international level, UNCTAD's work should contribute to increasing coherence in global economic policy-making, particularly in terms of the interdependence and consistency of international trade, investment and financial policies and arrangements, with a view to helping developing countries to integrate successfully into the global economy and to reap greater benefits from globalization. It should continue to address problems of developing countries arising from international financial instability; the role of private and official flows in financing development; the question of debt sustainability; the impact of trade and macroeconomic policies in the advanced industrial countries on development prospects of the developing countries; and the impact of regional integration on development.

29. At the national level, areas to which UNCTAD should give special attention include: the impact of growth-oriented macroeconomic and financial policies on trade and development; the creation of an enabling environment for the development of the private sector; policies to enhance the productive capacity of developing countries and improve their ability to compete in the global economy; income distribution and poverty alleviation; strengthening development-relevant domestic institutions; and continuing assistance in debt management. In this context, lessons should be drawn from both successful experiences and failures.

30. Recognizing the need for diversity in national policies, UNCTAD should identify, from the point of view of trade and development and in light of the successful and less successful development experiences of the past, the basic elements of sound macroeconomic policies that are conducive to an expansion of productive capacity and productivity, faster and sustained growth, employment creation and poverty alleviation. UNCTAD should also analyse the impact of international policies and processes on the scope for implementing national development strategies.

31. Based on its analytical work, UNCTAD should continue to provide technical assistance and support developing countries in building national capacities in the areas of debt management through the Debt Management and Financial Analysis System (DMFAS) Programme, and for their participation in multilateral negotiating processes and international decision-making. Maximum synergy should be sought between analytical work and technical assistance.

32. UNCTAD's work on development strategies in a globalizing world economy should pay increasing attention to the problems of countries facing special circumstances, notably the trade and development problems of the African continent, in close cooperation with, and in support of, regional cooperation initiatives such as the New Partnership for Africa's Development (NEPAD).

33. UNCTAD should enhance its work on the special problems of LDCs, small island developing States, and landlocked developing countries and the related special problems and challenges faced by transit developing countries as well as structurally weak, vulnerable, and small economies.

34. In view of the increasing marginalization of LDCs in the global economy, UNCTAD should continue to play a leading role in the substantive and technical implementation of the Programme of Action for the LDCs for the Decade 2001–2010. It should also continue to examine the causes of decline in the share of LDCs in world trade and the linkages between trade, growth and poverty reduction with a view to identifying long-term solutions to these

problems. This analysis should be carried out on an annual basis through the *LDC Report*. Full implementation of activities in favour of LDCs requires a substantial increase in financial and technical assistance. In this regard, increased allocation of resources, including through regular replenishment of the existing Trust Fund for LDCs, is vital.

35. The assistance that the UNCTAD secretariat provides to the Palestinian people in the areas of capacity building, trade policy, trade facilitation, financial management, development strategies, and enterprise development and investment is welcome and should be strengthened with adequate resources.

## **BUILDING PRODUCTIVE CAPACITIES AND INTERNATIONAL COMPETITIVENESS**

### **Policy analysis**

36. An enabling international environment is essential for developing countries and economies in transition to integrate successfully into the world economy. Equally important is the need for these countries to build stronger supply capabilities responsive to market demands, promote technology development and transfer, encourage enterprise networking, increase productivity and improve the competitiveness of their enterprises. Investment plays a central role in this effort: it provides a crucial link between productive capacity building and international competitiveness. An essential lesson from the experiences of countries that have successfully promoted growth and development is the critical role of active and well sequenced policies to promote productive investment, develop human resources and efficient infrastructure, enhance institutional capacity, build technological capability, and support linkages between large and small enterprises.

37. The financing of productive capacity building is central to any development strategy. First and foremost there is a need to harness domestic resources for investment in productive capacity and technological upgrading. However, domestic resources, particularly in LDCs, need to be complemented by external capital flows in order to raise investment. Foreign direct investment (FDI) offers the potential to utilize foreign savings and to transfer knowledge and technology, upgrade human resources, boost entrepreneurship, introduce new production and management techniques and stimulate enterprise learning through linkages between foreign affiliates and domestic enterprises. While substantial progress has been made over the past 20 years, FDI flows to LDCs and Africa continue to be disappointingly low. The positive trend in FDI flows to Latin America has turned into a decline in recent years. The decline of flows to Asia since 2000 appears to be bottoming out. Furthermore, the extent to which full economic and social benefits can be derived from FDI is dependent on, among other things, a vibrant domestic private sector, improved access to international markets, well designed competition law and policy, and the implementation of investment policies as an integral part of national development strategies.

38. Creating an enabling environment in host countries for investment, technology and enterprise development is essential for building productive capacity. Policies and actions that home countries of investors can introduce to encourage investment and technology transfer and to increase the benefits that developing countries can generate from investment inflows can complement such efforts. Measures that engage corporate actors in the economic, social and environmental dimensions of this process are also important in this respect.



39. The proliferation of investment agreements requires policymakers and negotiators from developing countries, as well as other stakeholders, to be as familiar with, and as well informed as possible about, the obligations entailed in such agreements and their development implications. The complexity of the issues at stake, as well as the sheer volume of matters that need to be considered, often strain the resources of developing countries, both from a policy development point of view and from a negotiation and implementation perspective.

40. Information and communication technologies (ICTs) are becoming increasingly important for improving the competitiveness of enterprises. They help reduce transaction costs, provide opportunities to increase exports, open up wider markets, increase management efficiency and enhance flexibility in production processes. ICTs can be harnessed to play a central role in economic development and in the achievement of the international development goals, including those contained in the Millennium Declaration, including in the areas of poverty reduction and gender equality. But large disparities exist between countries in their access to, and ability to use, ICTs. For the digital divide to be reduced and the benefits of ICT to be realized in developing countries, there is a need to create, with the effective support of the international community, an enabling environment conducive to the adoption and financing of ICT.

41. Efficient transport facilities and trade facilitation arrangements help to reduce transaction costs. They are essential to improve the international competitiveness of enterprises in developing countries and ease their participation in international trade. This is particularly relevant for small and medium-size enterprises (SMEs). In this respect, recently introduced security-related measures have changed the environment of the international transport of goods. Special consideration needs to be given to their impact on developing countries' trade and to the support that their implementation will require.

### **Policy response and UNCTAD's contribution**

42. Building productive capacities and enhancing international competitiveness requires a collective and coherent effort, primarily by the developing countries concerned, but also by home countries, investors and the international community as a whole.

43. Improving competitiveness requires deliberate specific and transparent national policies to foster a systematic upgrading of domestic productive capabilities. Such policies cover a range of areas, including investment, enterprise development, technology, competition policy,<sup>4</sup> skill formation, infrastructure development, the institutional aspects of building productive capacity, and policies that can contribute to the facilitation of sustained investment inflows, such as investment guarantee schemes and measures related to investment promotion and protection. SMEs that face difficulties in accessing finance, information, technology and markets, which are all essential elements of corporate competitiveness, require specific policies, programmes and institutional frameworks. Providing incentives for research and development, ensuring that the framework for intellectual property rights contributes to technological development, and taking measures to develop the human resource base are important ingredients in a technology policy package.

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<sup>4</sup> See chapter III, paragraphs 89 and 104.

44. Enhancing the contribution of investment flows requires consideration of the policies and actions that home countries can introduce to encourage sustained investment flows and stimulate economic growth and development. Home countries can assist in the collection and dissemination of information related to investment opportunities in developing countries. They can encourage technology transfer, provide various forms of financial and fiscal incentives and help mitigate risk, for example by providing investment insurance against risks that may not normally be covered through the private insurance market. The provision of official development assistance could enhance national savings and investment and act as an additional catalyst to attract FDI. Further analysis is needed to assess the effectiveness of various measures and to explore the impact of home country measures on development and how this impact could be maximized. Such measures could not only help developing countries but also create new opportunities for investment and trade for home countries and their business community.

45. Private firms are important agents of development throughout the world. Within their respective spheres of action, corporate actors, especially transnational corporations (TNCs), have an important role in supporting technology transfer, supplier linkages and the provision of access to export markets for developing countries. Corporate responsibility was recognized at the Johannesburg World Summit on Sustainable Development. In this regard, corporate actors have a positive role to play in stimulating the economic development of host countries and in supporting social and environmental development and the competitiveness of local enterprises. There are various voluntary international instruments that could be improved and made more coherent, covering economic, social and environmental dimensions, to help increase the contribution of corporate actors, especially TNCs, to the advancement of development goals.

46. In the area of investment policy-making, the challenge for the international community is to help build national capacity in developing countries, through policy analysis and human and institutional development, with a view to assisting these countries in participating as effectively as possible in discussions on investment agreements.

47. The development of efficient transport, communications and logistics infrastructure and services, which are strategic factors in building and maintaining enterprise competitiveness, requires priority attention in developing countries. A comprehensive national approach is required to strengthen the use and development of trade and transport capabilities, in cooperation, as appropriate, with neighbouring countries, through, as appropriate, institutional reform, public/private partnerships, adapting legal frameworks, streamlining administrative procedures, promoting the use of information and communication technology and developing managerial capacities. In addition, particular attention is needed to mitigate challenges posed by locational handicaps of landlocked countries and small island developing States. With regard to trade facilitation, Governments need to take steps to implement measures, where relevant, on the basis of internationally agreed rules, standards and recommendations. Coordinated trade facilitation measures are becoming increasingly important for enhancing efficiency, reducing transaction costs and maintaining supply capacities, particularly in the light of current security considerations. When putting in place the procedures and equipment required to comply with security regulations, countries should combine them with trade facilitation measures to provide both a more secure and a more efficient trade environment for all international partners. Special consideration will need to be given to the impact of security measures on developing countries' trade and to the support that their implementation will require.

48. For developing countries to take advantage of new technologies such as ICTs, it is important to formulate and implement ICT policies and strategies. This requires the involvement of all stakeholders, including the public sector, the business community and non-governmental organizations (NGOs). For effective implementation and in order to allow the benefits of ICTs to be more widely distributed, national ICT strategies need to be linked to other development policies, such as those relating to education, trade and investment, and include the gender dimension. The UN ICT Task Force has identified the urgent need to increase assistance for developing countries in formulating ICT strategies as one of its priority areas of work. The Plan of Action of the World Summit on the Information Society (WSIS) calls for action to promote development-oriented ICT applications for all, in particular the use of ICTs by SMEs to foster innovation, realize gains in productivity, reduce transaction costs and fight poverty. Thus, effective participation of developing countries in international deliberations and decision-making on ICT-related issues, such as the domain name system and Internet governance, is a vital complement to national development efforts related to ICTs.

### ***UNCTAD's contribution***

49. The objective of UNCTAD's work in this area is to assist developing countries, in particular LDCs, to design and implement active policies for building productive capacity and international competitiveness, based on an integrated treatment of investment, corporate responsibility, technology transfer and innovation, enterprise development and business facilitation (including transportation and ICT), competitiveness, diversification and export capacity, to sustain a high level of growth and promote sustainable development.

50. UNCTAD should continue its work on investment, as well as technology and enterprise development, and – through policy analysis, technical assistance and capacity and consensus building – assist developing countries in policy formation and implementation in this regard, taking into account developments in the international economic environment. UNCTAD should pay particular attention to the international dimension in order to identify the opportunities for and obstacles to progress in economic development. In this respect, UNCTAD should also identify the most appropriate international response to maximize opportunities for economic development, and ensure complementarity in the provision of technical assistance.

51. UNCTAD should maintain its lead role in policy analysis on the impact of FDI on the development of host countries, and especially ways and means to maximize its benefits and minimize its costs through appropriate host and home country policies. It should collect and analyse data and conduct policy-oriented research on investment issues related to development, including the interaction of FDI and domestic investment, the interrelationship between ODA and FDI, the impact of FDI on industrialization and local entrepreneurship, the role of FDI in infrastructure development and export capacity building, human resource development, linkages between foreign and domestic firms, and best practices to encourage investment flows and benefit from them.

52. UNCTAD's analytical work should draw lessons from successful experiences with the transfer and diffusion of technology through FDI and other channels. It should also support efforts by developing countries, in particular LDCs, to respond to technological changes, identify best practices in transfer of technology and assess the effectiveness of policies aimed at domestic innovative capability-building, including the role of intellectual property rights. UNCTAD should furthermore assist developing countries in identifying ways

and means to operationalize technology transfer clauses in international agreements, and in maximizing the potential benefits of those agreements.

53. UNCTAD should support efforts of developing countries and economies in transition to attract and benefit more from FDI, including by helping them to formulate and implement investment policies and by assisting with relevant legislation and regulations in line with their development strategies. Investment policy reviews and their follow-up, and assistance to national investment promotion agencies, can play a special role in this connection.

54. UNCTAD should examine the special problems that LDCs and African countries face in building productive capacities, especially how the risks associated with investing in these countries can be reduced, including through continuation of the work on the development of the insurance sector, and how the contribution of investment to competitiveness, diversified products and markets, and niche advantages can be increased. Special programmes to help attract FDI and benefit more from it, including through investment guides and advisory services, have a role to play here.

55. UNCTAD should collect, analyse and disseminate data on best practices for stimulating enterprise development and identify ways and means for enterprises, especially developing countries' SMEs, to meet international standards, including accounting standards, as well as to access new technologies through networking and partnering. In particular, it should analyse the linkages between SMEs and foreign affiliates in order to increase the benefit of FDI and enhance the productivity and international competitiveness of developing countries' enterprises.

56. UNCTAD should examine the potential of investment agreements to facilitate FDI flows and further the ability of countries to pursue development-oriented policies. It should continue to provide a forum for exchange of experiences and consensus building on the formulation of investment and technology transfer arrangements, with a view to promoting the development dimension. This work should include a further clarification of the key issues at stake and a review of experience in implementing international commitments. UNCTAD should also examine the development implications of investment and technology transfer arrangements that are under consideration with a view to maximizing their contribution to development.

57. UNCTAD should provide policy analysis and compile inventories of best practices in home country measures to encourage investment flows to developing countries, particularly LDCs. It should also develop and implement related technical assistance and capacity building activities to help developing countries take advantage of such initiatives.

58. UNCTAD should carry out analytical work with a view towards facilitating and enhancing positive corporate contributions to the economic and social development of host developing countries. UNCTAD should consult with all interested parties as appropriate, including in particular UNCTAD's private sector business partners, in carrying out this work. Taking into account existing international initiatives in this area, UNCTAD should draw lessons as far as the trade and development dimension is concerned and make the outcome of such work available to those parties interested or seeking guidance on this matter.

59. UNCTAD should continue to play an important role in areas of trade facilitation, transport and related services of interest to developing countries and should continue to undertake research and analysis with a view to assisting developing countries to establish an appropriate framework for policy action in the area of transport. It should analyse and promote the exchange of experiences on new developments relating to trade facilitation and transport, with specific emphasis on their impact on developing countries. UNCTAD, in

consultation with competent international organizations, should follow current and emerging developments on security arrangements, analyse their implications for developing countries, and facilitate the exchange of views and experiences among interested parties in order to help build an environment that is facilitative of international trade and that is secure.

60. In order to facilitate the transfer of know-how to developing countries, UNCTAD should strengthen its assistance in the area of building transport capacity, including in the field of multimodal transport, logistics, legal frameworks, containerization and its international implications.

61. UNCTAD should assist developing countries in formulating and implementing national ICT policies and strategies that will foster the promotion of e-business. Such assistance should include the development and application of mechanisms for monitoring and measuring overall digital economy developments and ICT use in countries. UNCTAD should support the efforts of developing countries in developing e-business in sectors that are of economic importance and have export capacity, through a mix of sector-specific policies, training programmes and deployment of ICT tools.

62. UNCTAD should continue providing a forum for developing countries to discuss ICT-related policy issues, exchange of experience and best practices. It should assist developing countries to participate actively in relevant international discussions on ICT and the knowledge economy and contribute to the implementation of the WSIS Declaration of Principles and Plan of Action in the area of UNCTAD's competence, including as regards key development aspects of issues pending from the first phase of WSIS and in preparation for the second phase scheduled in Tunis in 2005. In implementing this work, UNCTAD should work in close collaboration with the relevant international organizations.

## **ASSURING DEVELOPMENT GAINS FROM THE INTERNATIONAL TRADING SYSTEM AND TRADE NEGOTIATIONS**

### **Policy analysis**

63. Trade is not an end in itself, but a means to growth and development. Trade and development policies are an important instrument inasmuch as they are integrated in national development plans and poverty reduction strategies aiming at goals such as growth, economic transformation and production, diversification, export value-added, employment expansion, poverty eradication, gender equity, and sustainable development. Coherence and consistency among trade and other economic policies being pursued at the national, bilateral, regional and multilateral levels by all countries are important for maximizing the contribution of such policies to development.

64. Over 50 developing countries depend on the exports of three or fewer commodities for more than half of their export earnings. The decline and instability of world commodity prices and resulting terms-of-trade losses have reduced economic growth in many developing countries, particularly in economies that are not diversified, such as the LDCs and the African countries, and contributed to increased poverty and indebtedness. Moreover, the added value retained by many developing countries' producers of commodities is decreasing in some sectors, and their participation in domestic and international value chains is a major challenge. This situation may be further complicated by concentrated market structures at the

international and national level. Furthermore, countries often face difficulties in meeting the standards and requirements in developed countries' markets.

65. On the other hand, the dynamic sectors in world trade represent new and emerging trading prospects for developing countries, and enhancing their participation in such sectors is important in realizing development gains from international trade and trade negotiations. New opportunities are also provided by high-value-added, special and niche product and services sectors in which developing countries have potential comparative advantages. Creative industries can help foster positive externalities while preserving and promoting cultural heritages and diversity. Enhancing developing countries' participation in and benefit from new and dynamic growth opportunities in world trade is important in realizing development gains from international trade and trade negotiations, and represents a positive sum game for developed and developing countries.

66. Most developing countries have made important efforts at trade liberalization under very difficult circumstances, underscoring their interest in using trade as an engine of development and poverty reduction. They deserve due recognition for their efforts in this respect. Some have succeeded in participating in global export growth in a sustainable way. Others, however, have not. The share of the African countries and LDCs in world trade has continued to fall, and their terms of trade have deteriorated, making it difficult for them to build competitive productive and supply capacity. In the face of this, all WTO members have committed themselves to the objectives of duty-free, quota-free market access for products originating in LDCs. Equally important are the special needs of small economies, small island developing States and landlocked developing countries, within a new global framework for transit transport cooperation for landlocked and transit developing countries in accordance with the Almaty Ministerial Declaration and the Almaty Programme of Action, particularly those relating to their inherent disadvantages and vulnerabilities. The challenge remains to increase the participation of a wider number of developing countries in global export growth. In this context it is necessary to take into account the specific development, financial and trade needs of developing countries, considering that there is no one-size-fits-all trade and development strategy.

67. All countries have a shared interest in the success of the Doha Work Programme, which aims both at further increasing trading opportunities and reducing barriers to trade amongst nations and at making the trading system more development-friendly. This would contribute to the objective of upholding and safeguarding an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system. A major contribution of the Doha Ministerial Declaration was to place the needs and interests of developing countries at the heart of the Doha Work Programme. This important objective needs to be pursued with a view to bringing about concrete development-oriented outcomes from the multilateral trade negotiations.

68. As identified in the Doha Work Programme and in its implementation, the Monterrey Consensus and General Assembly resolution 58/197 on international trade and development, issues of particular concern to developing countries and countries with economies in transition in international trade include:

- Trade barriers, trade-distorting subsidies and other trade-distorting measures, particularly in sectors of special export interest to developing countries, including agriculture;
- The abuse of antidumping measures;

- Technical barriers and sanitary and phytosanitary measures;
- Trade liberalization in labour-intensive manufactures;
- Trade liberalization in agricultural products;
- Trade in services;
- Tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers;
- The movement of natural persons;
- The lack of recognition of intellectual property rights for the protection of traditional knowledge and folklore;
- The transfer of knowledge and technology;
- The implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights in a manner supportive of public health;
- The need for special and differential treatment provisions for developing countries in trade agreements to be made more precise, effective and operational;
- WTO accession;
- Trade preferences;
- Issues for LDCs and small economies;
- Expedient and appropriate resolution of outstanding implementation-related issues and concerns.

69. Trade is a key aspect of regional integration efforts, and regional trade agreements can be a major facilitator of both South-South and North-South trade. South-South trade has high potential for growth, is expanding rapidly and is being liberalized. This should continue and be encouraged. The Global System of Trade Preferences among Developing Countries (GSTP) is among the instruments available to developing countries to generate additional trading opportunities, particularly for LDCs.

70. Most favoured nation (MFN) liberalization on goods and services of export interest to developing countries has important benefits for the global trading system as a whole, and will contribute to enhanced North-South and South-South trade.

71. Trade and environment could be mutually supportive, and this objective should be pursued in a manner consistent with an open, equitable, rules-based, predictable and non-discriminatory multilateral trading system.

72. Competition policies best suited to their development needs are important for developing countries in safeguarding against anti-competitive behaviour in their domestic markets, as well as in responding effectively to a range of anti-competitive practices in international markets, which often considerably reduce the positive effects of trade liberalization for consumers and enterprises, especially SMEs.

### **Policy response and UNCTAD's contribution**

73. Trade policies of developing countries should suit their needs and circumstances, be integrated into national development policies and be aimed at reducing poverty and

supporting growth and sustainable development, as well as gender equality. Increases in export value-added, full exploitation of preferences, enhanced diversification, increased local content and knowledge content, the creation of employment, food security, traditional knowledge and access to essential services are potential means to these ends and could enhance opportunities for developing countries' expanding populations. In implementing national trade and trade-related policies, the developing countries need to pursue a strategic and appropriately sequenced approach to liberalization after careful analysis of the export potential of key sectors. Strengthening an enabling trade, investment and business environment through the adoption of appropriate domestic measures and conditions will help encourage local, regional and international investment.

74. A concerted focus should be put on the difficulties faced by commodity-dependent developing countries. Efforts by these countries to restructure, diversify and strengthen the competitiveness of their commodity sectors, including through local processing, should be supported, including by the provision of enhanced market access on a secure and predictable basis, adequate technical and financial assistance, and strengthening of capacity and institutions, in both the public and the private sectors. Investments in infrastructure, domestic structural reforms and prudent and transparent fiscal policies will encourage productive investment in the commodity sector. Existing compensatory financing schemes should be reviewed with a view to assessing their effectiveness and, as may be required, making them more user-friendly and predictable and possibly combining them with modern risk management and risk-sharing instruments. The potential of regional integration and cooperation to improve the effectiveness of traditional commodity sectors and support diversification efforts should be exploited. Relevant suggestions contained in the report of the Meeting of Eminent Persons on Commodity Issues<sup>5</sup> and the relevant outcome of discussions at the fiftieth session of the Trade and Development Board and in the General Assembly on the report should be given serious consideration. Support for commodity development projects – especially market-based projects – and for their preparation under the Second Account of the Common Fund for Commodities should be encouraged. It is also important to address fully the problem of the cotton sector faced by African countries at the national level and in the relevant fora at the international level.

75. Agriculture is a central element in the current negotiations. Efforts should be intensified to achieve the internationally agreed aims embodied in the three pillars of the Doha mandate, namely substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. The negotiations on agriculture taking place in the WTO should deliver an outcome that is consistent with the ambition set out in the Doha mandate. Special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall take fully into account development needs in a manner consistent with the Doha mandate, including food security and rural development. Non-trade concerns of countries will be taken into account, as provided for in the Agreement on Agriculture, in accordance with paragraph 13 of the Doha Ministerial Declaration.

76. The Marrakech Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries should be implemented effectively.

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<sup>5</sup> TD/B/50/11.



77. Efforts at extending market access liberalization for non-agricultural products under the Doha Work Programme should be intensified with the aim of reducing or, as appropriate, eliminating tariffs, including tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Negotiations should take fully into account the special needs and interests of developing countries and LDCs, including through less than full reciprocity in reduction commitments.

78. All services sectors play a role in a country's development, and Governments should give due priority to services policies and national strategies, as well as to the principle of progressive liberalization, with due respect for national policy objectives and the level of development of individual countries, as provided under Article XIX of the General Agreement on Trade in Services (GATS). Negotiations in trade in services should fully observe the objectives stipulated in the GATS – including the Preamble, Article IV and Article XIX – as well as the development provisions of the WTO Guidelines and Procedures for the Negotiations on Trade in Services, including in relation to effective multilateral commitments on services sectors and modes of supply of export interest to developing countries. In this context, developing countries underscore the importance to them of effective liberalization of temporary movement of natural persons under Mode 4 of GATS. Multilateral rule-making in services should be given attention, taking into account the interests and concerns of developing countries. Negotiations on infrastructure services should give due attention to the concerns of all countries, especially developing countries, including in connection with the universal provision of essential services.

79. Standards and technical regulations must be developed transparently and applied non-discriminatorily, and should not pose unnecessary obstacles to trade. Developing countries should continue to be provided with technical assistance and capacity-building support to meet standards effectively. In addition to difficulties in meeting standards, the other challenges of market entry remain a key concern in developing countries' efforts to enjoy effective market access, and, where appropriate, these should be addressed adequately.

80. The use of unilateral actions that are inconsistent with WTO rules can have a negative effect on efforts to move towards a truly non-discriminatory and open system.

81. The outstanding implementation issues and concerns are a matter of utmost importance to developing countries and should be addressed in a manner consistent with the Doha Work Programme. In addition, further consideration should be given to assisting developing countries in implementing multilateral trade agreements and meeting adjustment and social costs.

82. Special and differential treatment (S&DT) provisions should be conceived as a developmental tool addressing developing countries' particular needs and reviewed with a view to making them more precise, effective and operational, in order, *inter alia*, to facilitate the beneficial and fuller integration of developing countries into the rules-based multilateral trading system. The work so far undertaken on agreement-specific S&DT proposals, as well as cross-cutting issues, should be further pursued to yield a meaningful and development-oriented outcome consistent with the objectives set out in the Doha Declaration.

83. Expeditious progress is required to meet the key concerns of the LDCs, including duty-free and quota-free market access on a secure and predictable basis for products originating from LDCs by developed countries, and others are urged to provide meaningful market access for LDCs consistent with the Doha Ministerial Declaration; implementation of the Third United Nations LDC Conference commitment on providing duty-free and quota-free access; assistance in addressing difficulties faced in meeting rules of origin, as well as

product and environmental standards in preferential schemes; and enhancing technical and financial assistance and capacity building generally.

84. The particular problems of small, vulnerable developing economies, including small island developing States, and of landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, should be given special consideration. In most cases the transit neighbours of landlocked developing countries are themselves developing countries, often of broadly similar economic structure and beset by similar scarcity of resources. Priority should be given to the full and timely implementation of the Almaty Ministerial Declaration and the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries. All efforts must be made to ensure a successful outcome of the International Meeting for the 10-year Review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States in Mauritius in January 2005, which should contribute to the beneficial integration of the small island developing States (SIDS) into the international trading system and the world economy. The examination of issues relating to the trade of small, vulnerable economies, and the framing of responses to these trade-related issues to facilitate their fuller integration into the multilateral trading system should be actively pursued consistent with the Doha Work Programme.

85. WTO Members should fully and faithfully implement the guidelines on LDC accession to the WTO that were adopted by the WTO General Council on 10 December 2002. The process of accession of developing countries to the WTO should be consistent with WTO agreements and with their developing country status. Accession of countries with economies in transition should also be consistent with WTO agreements and with their status.

86. Positive and appropriate measures to mitigate the adverse impact of the erosion of preferences arising *inter alia* out of the ongoing market access negotiations should be formulated and implemented. Additionally there is an urgent need to enhance the utilization of preferential schemes, including through less onerous rules of origin and criteria, such as flexibility in cumulation, that meet the production capacity of developing countries and allow them more scope to source inputs from other developing countries; increased technical assistance; and awareness raising among entrepreneurs with regard to making use of trade preferences. The international community should support preference-dependent countries in their efforts to diversify their export base and develop new export markets. Strategies to promote adjustment by preference-dependent firms and industries to more open international markets should also be put in place.

87. Trade and environmental policies should be mutually supportive and guided by a development-oriented approach. Further, efforts should be made to identify and promote environmental goods and services of actual and potential export interest to developing countries, as well as monitor environmental measures affecting exports of developing countries.

88. Full attention and support should be given to the protection, preservation and promotion of traditional knowledge, innovation and practices and biological resources of developing countries.

89. Efforts should be made to prevent and dismantle anti-competitive structures and practices and promote responsibility and accountability of corporate actors at both the national and the international level, thereby enabling developing countries' producers, enterprises and consumers to take advantage of trade liberalization. This should be

supplemented by the promotion of a culture of competition and improved cooperation between competition authorities. Developing countries are encouraged to consider, as a matter of importance, establishing competition laws and frameworks best suited to their development needs, complemented by technical and financial assistance for capacity building, taking fully into account national policy objectives and capacity constraints.

90. The relationship between trade, debt and finance and the relationship between trade and transfer of technology are important for developing countries. Consistent with the Doha mandates, work in these areas should continue in pursuit of the agreed objectives. This would *inter alia* contribute to increased technology flows to developing countries, strengthening of the coherence of international trade and financial policies, and a durable solution to the problem of external indebtedness of developing countries.

91. The international community should support national efforts of developing countries to increase their participation in and benefit from dynamic sectors and to foster, protect and promote their creative industries.

92. Development partners should continue to contribute to the promotion of South-South trade and economic cooperation, as well as North-South trade. The Global System of Trade Preferences among Developing Countries (GSTP) is an instrument to stimulate South-South trade, and its revitalization is an important priority. Developing countries should continue to make use of regional and subregional trade and economic cooperation to increase trade flows.

93. Ongoing work within the framework of the United Nations Commission on International Trade Law (UNCITRAL) needs to continue to take into account the concerns and interests of developing countries. As well as market access and investment, policies should encourage long-term sustainability of supply capacities in developing countries. Developing countries should continue to be provided with increased financial and technical assistance to continue their efforts at removing procedural and institutional bottlenecks to reduce transaction costs through the implementation of transport and trade efficiency measures and at improving standards and quality control.

94. While developing countries must continue to assume responsibility for their own development, the international community should assist developing countries, especially LDCs, in their efforts to develop human, institutional, regulatory and R&D capacities and infrastructures for effective, informed and beneficial participation in international trade and the international trading system and for effective negotiations on international trade and related areas. Adequate resources should be allocated for these purposes, in particular within the framework provided by national development strategies and including those strategies aimed at poverty reduction that integrate trade-related assistance and capacity building needs, including supply-side needs.

#### ***UNCTAD's contribution***

95. UNCTAD should build on and strengthen the implementation of the Bangkok Plan of Action within the three pillars of its work. To achieve this aim, UNCTAD should:

- Continue to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular analyse issues of concern to developing countries;
- Convene sectoral reviews on dynamic sectors of world trade;
- Help consensus and confidence building;

- Help develop capacities in developing countries to establish their own negotiating priorities and negotiate trade agreements, including under the Doha Work Programme;
- Enhance support to developing countries and countries with economies in transition in the formulation, implementation and review of national trade and trade-related policies and options with a view to maximizing their share of world trade; and monitor and analyse the impact of trade-related policies, particularly of their major trading partners, on developing countries;
- Help strengthen human resources, know-how and competences and institutional and regulatory frameworks and infrastructure in the field of trade;
- Elaborate development benchmarks to assess how effectively developing countries are integrating into and deriving gains from the international trading system;
- Help ensure that anti-competitive practices do not impede or negate the realization of the benefits that should arise from liberalization in globalized markets, in particular for developing countries and LDCs;
- Assist developing countries to integrate trade and development concerns into their national development plans and poverty reduction strategies, as well as in their implementation.

96. UNCTAD should also examine and monitor the interface between the multilateral trading system and regional trade agreements, including in respect of S&DT, and support regional integration and the promotion of South-South trade. In particular, UNCTAD, in cooperation with other development partners, should help developing countries support and strengthen their trade policy capacity at the regional level, including aspects such as investment, regional institution building, standard setting and business regulation, and provide support to regional integration efforts.

97. UNCTAD should examine ways of improving the utilization of trade preferences and of making preference schemes more predictable, and it should continue its work on the issue of erosion of preferences. It should also continue its support for the revitalization and greater utilization of the Global System of Trade Preferences among Developing Countries (GSTP) and other initiatives that stimulate South-South trade.

98. UNCTAD should provide enhanced technical support and cooperation to all developing countries, particularly LDCs, and to countries with economies in transition prior to, during, and in the follow-up to their WTO accession process.

99. UNCTAD should assist developing countries in strengthening their capabilities to increase their participation in global services trade, including the assessment of their trade in services capacity, particularly in the new and emerging fields of information and communication technology, but also in such areas as infrastructure and tourism services, especially the promotion of sustainable tourism, as well as the temporary movement of natural persons. UNCTAD should examine all issues related to liberalization of trade in services, including Mode 4, and apply the insights gained through its analytical work to help strengthen the domestic services capacity of developing countries. UNCTAD should continue its analytical work on GATS rules and domestic regulation. It should further assess modal linkages in services supply and in particular linkages with Mode 1.

100. UNCTAD should continue to monitor developments in commodity markets and assist developing countries, in particular those most dependent on commodities, in formulating

strategies and policies to respond to the challenges of commodity markets, including over-supply, and addressing links between international commodity trade and national development, particularly poverty reduction. It should analyse and promote exchange of information on commodity markets and experiences with factors, policy issues and responses influencing the competitiveness of the commodity sector so as to contribute to diversification, adding value, and more effective participation in the supply chain, including through assistance for institution building; analyse and support the development of appropriate and effective mechanisms and capacity to respond to commodity price fluctuations and to mitigate earnings shortfalls, in particular by improving the capacity to apply modern commodity price risk management and financial instruments; and follow up, as appropriate, on the recommendations addressed to UNCTAD in the report of the Meeting of Eminent Persons on Commodity Issues. UNCTAD should also continue work on agricultural, forestry and fishery products, metals and minerals, and oil and oil products. It should further help to build effective partnerships among relevant stakeholders aiming at viable solutions and sustainable approaches to commodity problems, including by fostering public-private cooperation in commodity chains with a view to ensuring, *inter alia* through market-based principles, a more equitable distribution of revenues and benefits along the supply chain and supporting diversification. It should include a regional perspective in its work. UNCTAD and the Common Fund for Commodities should strengthen their cooperation.

101. UNCTAD should undertake analysis, including at the regional level, of the development dimension of intellectual property and trade-related aspects of intellectual property rights (TRIPS), including improvements in the transfer of technology to developing countries, the development dimensions and implications of the establishment and enforcement of intellectual property rights, as well as protection of traditional knowledge, genetic resources, and folklore and fair and equitable sharing, without prejudice to the work undertaken in other fora.

102. UNCTAD should also undertake analysis on trade and development aspects of open and collaborative projects, including open source software, focusing on the development dimension. Such work should pay particular attention to ICT sectors.

103. UNCTAD should continue to provide support to developing countries on issues at the interface between trade and environment, such as market access, agriculture, traditional knowledge, transfer of environmentally sound technology, environmental goods and services, environmentally preferable products, and issues concerning eco-labelling and certification costs, and follow up on trade-related issues contained in the Johannesburg Plan of Implementation. It should strengthen work on the BIOTRADE Initiative and the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF).

104. UNCTAD should further strengthen analytical work and capacity building activities to assist developing countries on issues related to competition law and policies, including at a regional level.

105. UNCTAD should support developing countries in analysing appropriate linkages between trade and poverty, and trade and gender.

106. UNCTAD should contribute to the analysis of the linkages between trade and trade-related interests of developing countries, financial flows, debt relief and debt sustainability.

107. UNCTAD should examine policy proposals and regulatory regimes relating to transport and trade facilitation, thereby assisting developing countries in formulating policy measures to build their transport supply capacities and to assist traders to take advantage of

transport opportunities; analyse the implications of ongoing developments, and assist developing countries in the ongoing work in UNCITRAL; and provide technical assistance to developing countries, including landlocked and transit developing countries, highly indebted poor countries and small vulnerable economies to improve the availability and efficiency of infrastructure facilities to support trade.

108. UNCTAD should intensify its trade and trade-related technical cooperation and capacity building activities. It should strengthen its contribution to the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF) and the Joint Integrated Technical Assistance Programme (JITAP). UNCTAD should also enhance its collaboration with local partners in developing countries.

109. One of the concrete results of UNCTAD X was the pioneer establishment of the International Institute for Trade and Development (ITD), which aims to provide a mechanism to foster knowledge and provide training and capacity-building to developing countries. UNCTAD and the international community should continue to provide assistance to such efforts in line with paragraph 166 of the Bangkok Plan of Action.

## **PARTNERSHIP FOR DEVELOPMENT**

110. Efforts to meet the challenges and opportunities of globalization could benefit from enhanced cooperation between all relevant partners. Recent developments within the United Nations have shown that international cooperation for development relies more and more on a multi-stakeholder approach. UNCTAD has played a pioneering role in developing partnerships with various components of civil society. Since UNCTAD X, the concept of partnerships has evolved significantly, in particular from its conceptual development towards actual implementation. The experience of the Monterrey and Johannesburg Conferences has allowed member States to further refine mechanisms for interacting with non-state actors, to define the principles guiding the building of multi-stakeholder partnerships and to contribute to their implementation.

### **Policy response and UNCTAD's contribution**

111. Partnerships are a set of activities with well-defined objectives, expected benefits, timeframes and sources of funding. Their contribution to the achievement of the international development goals, including those contained in the United Nations Millennium Declaration, has often been stressed. They are a complement to but not intended to substitute for intergovernmental machinery, decisions and activities. They have a voluntary, multi-stakeholder approach and preferably involve a range of significant actors in a given area of work. While recognizing the central role and responsibility of Governments in national and international policy-making, the contribution of the private sector, non-governmental organizations and civil society in general to the implementation of the outcomes of the UN conferences in the economic, social and related fields should be underlined. Partnerships can be arranged among any combination of partners, including Governments, regional groups, local authorities, non-governmental organizations, academic and research institutions, international and regional organizations, and private sector partners and other civil society organizations. All such stakeholders, in particular the private sector, are encouraged to bring their contribution to the building and implementation of partnerships in accordance with the

provisions of General Assembly resolution 58/129. Partnerships should be consistent with national laws and national development strategies and plans, as well as the priorities of countries where their implementation takes place, bearing in mind the relevant guidance provided by Governments.

112. In building partnerships, the UNCTAD secretariat is guided by the criteria and principles agreed to by member States in the preparatory process for and the follow-up to the World Summit on Sustainable Development<sup>6</sup> and by General Assembly resolution 58/129. New partnerships developed within the framework of the UNCTAD XI process represent specific commitments by various partners intended to contribute to and reinforce the implementation of the outcomes of the intergovernmental negotiations of UNCTAD XI. They will also help achieve related international development goals, including those contained in the Millennium Declaration. Partnerships follow the principles of transparency, accountability, mutual benefit and respect, sectoral and geographical balance and not compromising the sovereign right of States nor the independence and neutrality of the UN system.

113. Partnerships should be of benefit to as many developing countries as possible from all geographical regions, taking into account their national policies and strategies. Attention should also be paid to regional integration and other aspects of South-South cooperation, Africa and LDCs. Partnerships should rely on the resources and expertise brought in by the partners and should not affect the resources allocated to regular budget activities. There should be truly multi-stakeholder arrangements, open to all those interested, whether Governments, NGOs, the private sector, academic institutions or parliamentarians. Particular attention should be paid to collaboration with organizations of the UN system, its funds and programmes, and international financial and trade institutions. The ongoing inter-institutional cooperation and the experience of the Integrated Framework for Trade-related Technical Assistance to LDCs (IF) and the Joint Integrated Technical Assistance Programme (JITAP) should be further built upon. General Assembly resolution 58/129 of 19 December 2003 and the UN guidelines on relations with the private sector should be followed. The emphasis should be on the quality and long-term viability of the partnerships, rather than on quantity.

### ***UNCTAD's contribution***

114. Partnerships in the areas of ICT for development, commodities, investment, and capacity building and training, including training, academic and research institutions, are being launched at the Conference (annex<sup>7</sup>). The Trade and Development Board will review the implementation of partnerships annually, on the basis of a report by the Secretary-General of UNCTAD that will set out the continued relevance and extent of partner funding of each individual partnership and its contribution to the implementation of the outcome of UNCTAD XI. The report will also assess the partnership programme as a whole, with a view to sharing lessons learnt, progress made, and best practices.

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<sup>6</sup> Report of the Commission on Sustainable Development on its eleventh session, 27 January 2003 and 28 April – 9 May 2003 (E/2003/29).

<sup>7</sup> The Conference took note of the annex at its 269<sup>th</sup> plenary meeting on 18 June 2004 and decided to attach it to the São Paulo Consensus on the understanding that the process of building the UNCTAD XI multi-stakeholder partnerships would evolve over time and that their implementation would depend on the availability of the necessary resources, to be provided by UNCTAD and other partners.

115. UNCTAD should make the participation of civil society, in particular NGOs and academic circles, the private sector and other organizations of the UN system more systematic and better integrated with intergovernmental processes, in accordance with relevant rules of procedure of UNCTAD. The objective should be to enhance the value added and the result orientation of this cooperation for the benefit of UNCTAD's work and that of member States. In this regard, more active participation by NGOs and the business community of developing countries is desired. Cooperation with NGOs and parliamentarians could aim *inter alia* at enhancing their advocacy role in support of international cooperation for development. Interaction with academic and research institutions and the promotion of networking of researchers from developing countries could be of benefit both to these institutions and to UNCTAD through sharing of the outcomes of their analysis and research, relevant studies and knowledge, and by integrating UNCTAD courses into the curricula of such institutions.

116. UNCTAD should make maximum use of the experience of the United Nations in this respect, in particular that of the World Summit on Sustainable Development and its follow-up process. The pragmatic and practical dimension of the relationship with civil society, the business sector and parliamentarians, as well as with other organizations from within and outside the UN system, should receive priority attention.

117. The Trade and Development Board will arrange for half-day informal hearings with non-state actors to allow them to express their views on the issues before the Board. The outcome of the informal hearings will be summarized by the secretariat for submission as an input into the discussions of the Board. Participation will be based on the procedure applied for the participation of civil society and private sector organizations during the preparatory process of the Conference. Efforts should be made, including through dedicated extrabudgetary contributions, to ensure effective representation and more active participation in such hearings of civil society from developing countries.

118. The involvement of civil society, from both developed and developing countries, in the work of the Commissions and Expert Meetings should continue, in accordance with the rules adopted by the Trade and Development Board for this purpose, including through joint meetings and the organization of discussion forums on issues to which multi-stakeholder dialogue is relevant.

## Annex<sup>8</sup>

### UNCTAD XI MULTI-STAKEHOLDER PARTNERSHIPS

#### A. Information and communication technologies for development (ICTfD)

1. Partnership activities will be built around the objective of "ICT applications for improving the economic competitiveness of developing countries", especially as regards trade and development. UNCTAD will use its experience and associate itself fully with relevant existing initiatives. The ICTfD partnership will include:

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<sup>8</sup> The Conference took note of this annex at its 269th plenary meeting on 18 June 2004 and decided to attach it to the São Paulo Consensus on the understanding that the process of building the UNCTAD XI multi-stakeholder partnerships would evolve over time and that their implementation would depend on the availability of the necessary resources, to be provided by UNCTAD and other partners.



- *Activities that enable developing countries to take full advantage of free and open source software.* Free and open source software (FOSS) is a key factor in the spread of ICT opportunities in developing countries. Partnership activities will be designed to encourage widespread information technology (IT) training programmes in developing countries on FOSS-related issues. IT companies and training institutions involved in ICT applications will be the main partners.
- *E-tourism.* For many developing countries, tourism is of strategic importance and a major source of foreign exchange earnings. As tourism is an information-intensive service, the UNCTAD e-tourism initiative is designed to give developing countries the technical means to promote, market and sell their tourism services online. Partners will include member States, the World Tourism Organization, UNESCO, national tourism authorities and universities. Other potential partners include regional groupings of developing countries, transport operators and IT companies.
- *The development of national e-strategies and e-policies.* Developing countries are seeking to design and implement national strategies to manage the development of appropriate ICT regulatory, legislative and policy frameworks. UNCTAD is joining the Global ePolicy Resource Network (ePol-NET) as a partner by providing its expertise in the design of e-strategies, as well as on specific subjects such as e-commerce, legal and regulatory issues, e-measurement, e-finance and aspects of e-government, thereby enhancing efficiency and effectiveness. ePol-NET functions as a virtual network. Partners so far include the Government of Ireland, which is providing the secretariat for the partnership, as well as the Governments of Canada, France, Italy, Japan and the United Kingdom; ECA; ITU; UNDP; OECD and the Commonwealth Telecommunications Organisation.
- *E-measurement and ICT indicators.* E-measurement is crucial for assessing the state of advancement of developing countries in the use and impact of ICTs. The WSIS Plan of Action calls for the development of indicators to monitor progress in the use of information and communication technologies for development for – and after – the Tunis phase of the Summit. The principal stakeholders of the partnership have agreed on the following objectives: (i) to identify a set of core indicators that could be collected by all countries and harmonized at the international level so as to facilitate, *inter alia*, measurement of the attainment of international development goals, including those contained in the Millennium Declaration; (ii) to assist developing countries in building capacity to monitor ICT developments at the national level; and (iii) to develop a global database on ICT indicators. Partnership activities will embrace member States, OECD, ITU, UNESCO and the UN ICT Task Force, as well as the UN regional commissions and other relevant regional bodies working on e-measurement issues.
- *Activities regarding e-business and e-finance.* Lack of adequate information at the disposal of financial service providers on SMEs and their payment performance is one of the main reasons for bias against SME financing. The partnership is designed to explore the opportunities arising from innovative Internet-based electronic finance methods and their data mining capacities and find ways of improving the SMEs' access to trade-related finance and e-finance. Leading partners will include international and local financial service providers, enterprise associations, Governments and other public entities, international organizations including the

World Bank, WTO and ITC, as well as NGOs such as the World Trade Point Federation.

## **B. Commodities**

2. There is at present no comprehensive and systematic consultative framework that enables the sharing of information and the use of complementary expertise among representatives of all key actors involved in the review of the commodity situation and the operation of commodity markets. The efforts of all interested stakeholders should thus be put together and directed towards a pragmatic approach aimed at bringing both focus and priority to breaking the cycle of poverty in which many commodity producers and commodity-dependent countries are now locked.

3. Such a consultative process will address the commodity problematique in a concerted manner by proposing specific action with respect to the following issues: facilitating collaboration among all stakeholders and achieving greater coherence in the integration of commodity issues in development portfolios; collecting and sharing best practices and lessons learned, and maximizing the mobilization of resource flows; commodity sector vulnerability and risks; mechanisms to facilitate the participation of developing country farmers in international markets; distribution of value-added in the commodity value chain; promotion of economically, socially and environmentally sustainable approaches to production and trade of individual commodities of interest to developing countries; mining and sustainable economic development; promoting business networks within developing countries and between developing and developed country enterprises; and commodity information and knowledge management.

4. An independent international task force on commodities will be established in consultation with interested stakeholders to address the above set of issues. The task force will function in an informal and flexible manner, with partners cooperating in a spirit of voluntary endeavour.

5. Partners will include, in addition to member States (both commodity-dependent developing countries and interested development partners, especially donors), international organizations (FAO, IMF, ITC, UNDP, the Common Fund for Commodities and the World Bank); commodity-specific bodies (international commodity organizations and study groups); the private sector, in particular major corporations engaged in the production, marketing and distribution of commodities; non-governmental organizations that promote action on commodity issues; and the academic community researching into commodity problems and related solutions.

## **C. Investment**

6. Domestic investment and FDI are key in building national supply capacities that are both central to development and essential to exploit opportunities offered by the multilateral trading system.

7. The very nature of the issues relating to investment for development lends itself to a partnership involving the public and private sectors. In addition, trade unions, NGOs and academics take an interest in the subject. The partnership, in the form of the Investment for Development Network, will seek to: increase understanding of issues related to FDI; help

optimize national and international policies aimed at attracting FDI and benefiting from it; and promote related human resources and institutional capacity building. Areas of focus would include strategic investment advice, investment knowledge for development, improving the investment climate, good governance in investment promotion, information for investors, international investment policy issues, capacity-building in technology transfer and intellectual property rights, and linkages for development.

8. The World Association of Investment Promotion Agencies (WAIPA) will be a principal partner. Other partners will include: the World Bank Group/MIGA; OECD; ITC; the UNCTAD Virtual Institute on Trade and Development; UNIDO; the International Chamber of Commerce (ICC); NGOs (the Consumer Unity and Trust Society (CUTS); the International Institute for Sustainable Development (IISD); the International Centre for Trade and Sustainable Development (ICTSD)); the Earth Institute; national institutions (Ethos, SOBEET); subregional organizations; and institutions of higher learning (universities in developed and developing countries).

#### **D. Capacity-building and training, including training and academic institutions**

9. The UNCTAD Virtual Institute on Trade and Development aims to support the building of national capacities in member countries so that they can analyse international and national trade and economic issues and formulate and implement appropriate home-grown economic policies. Training and research institutions, particularly universities, play a key role in building such capacities by educating future and current decision makers and providing expertise to Governments on issues relating to national economic policies.

10. The objective of the Virtual Institute is to assist academic institutions in developing countries to enhance their own capacity to design and deliver high-quality courses and to conduct research in the areas of trade and development. It does so firstly by giving them access to selected UNCTAD and other relevant resources (research reports, training materials and pedagogical tools) that they can use in their teaching and research. Secondly, it offers them the possibility to enhance their curricula and research work by exchanging resources (course materials and research) and experiences with members of the Virtual Institute Network and by strengthening their cooperation with UNCTAD.

11. Principal partners will be selected academic and training institutions of developing countries that agree to become members of the Virtual Institute Network and accept the rules for its functioning. In addition to participation in the Network, which will be governed by general terms and conditions, UNCTAD will continue the practice of concluding agreements for academic partnerships tailored to the needs of the partner institution concerned.

**Part III**

**OTHER ACTION BY THE CONFERENCE**

**Resolutions**

**177 (XI) EXPRESSION OF GRATITUDE TO THE GOVERNMENT  
AND PEOPLE OF BRAZIL**

*The United Nations Conference on Trade and Development,  
Meeting at its eleventh session in São Paulo, Brazil,*

1. *Expresses its deep gratitude* to the Government and people of Brazil for their invitation to host the Conference and for the efficiency, care and commitment with which they have worked for the success of the Conference;
2. *Expresses its appreciation* for the kindness and warm hospitality extended to all participants at the Conference by the city of São Paulo;
3. *Recognizes with great satisfaction* the valuable contribution made by the host Government to the deliberations and outcome of the Conference and thus to consensus building in the field of trade and development;
4. *Expresses its conviction* that, through the efforts of the host country and the successful conclusion of the Conference, an enhanced spirit of cooperation has been created that will have a favourable impact on future deliberations of the international community;
5. *Requests* the President of the Conference to convey these sentiments to the President of Brazil, and through him to the people of Brazil.

*269<sup>th</sup> plenary meeting  
18 June 2004*

**178 (XI) CREDENTIALS OF REPRESENTATIVES TO THE ELEVENTH SESSION  
OF THE CONFERENCE**

*The United Nations Conference on Trade and Development,  
Approves* the report of the Credentials Committee.

*269<sup>th</sup> plenary meeting  
18 June 2004*

## Part IV

### STATEMENTS OF POSITION<sup>9</sup>

1. The representative of the **United States of America** said that the Conference had adopted an outcome document that reflected the consensus of months of intense and fruitful discussion, and a declaration that embodied the positive spirit that had guided delegations in São Paulo.

2. The United States had come to UNCTAD XI with the goal of promoting more rapid and broad-based development for the poor in developing countries and to help them take better advantage of the opportunities created by globalization. All the evidence pointed to better economic governance – ensuring the rule of law, protecting property rights, enforcing contracts and eliminating excessive regulation and the corruption it fostered – as the key to achieving sustainable development. Though that crucial point was to some extent reflected in the texts, it should have been given far more emphasis. Countries needed national regulatory environments that ensured fairness for all and that gave adequate space for individuals to unleash their entrepreneurial energies. They also needed a rules-based international system to ensure a global framework of stability and certainty for producers, traders and investors.

3. It was important that UNCTAD focus its attention on issues that would have immediate and lasting impacts on the lives of the poor. Sometimes it was too easy to get sidetracked on calls for innovative mechanisms when better and broader implementation of ideas and policies that had already proven themselves in national and international markets could promote real progress now. Sometimes it was too easy to get sidetracked on politically and economically unsound proposals such as those for various forms of international taxation, when the resources for achievement of the international development goals were already available from existing international and national financial institutions and the private sector in both developed and developing countries.

4. The United States looked forward to working closely with UNCTAD in the years ahead to ensure that developing countries got the advice and the support they needed in order to integrate themselves fully into the international economy and take maximum advantage of the benefits and resources available there and to ensure that every individual, in every country, had the opportunity for a better life.

5. The representative of **Jamaica**, speaking on behalf of the **Group of 77 and China**, said that the adoption of the São Paulo Consensus was another important milestone on the historic journey that had begun with the first session of UNCTAD in 1964. The Group of 77 and China were pleased that UNCTAD XI had resulted in agreement by members to subscribe to the São Paulo Consensus. This was a major and significant outcome, which the Group welcomed. It was made all the more noteworthy by the fact that recent events had shown that multilateral agreement on trade and development issues was not by any means assured. The São Paulo Consensus affirmed the potential and relevance of multilateralism. Importantly, it ensured that UNCTAD would be able to continue to play its unique role as the focal point in the United Nations system for trade and development and the interrelated areas of finance, technology, investment and sustainable development.

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<sup>9</sup> Included in the report at the request of the delegations concerned and with the agreement of the Conference.

6. The text of the São Paulo Consensus was not an ideal one. There were shortcomings. But an outcome that was based on consensus required that the legitimate interests and concerns of all parties be accommodated. The text bore the hallmark of such a process. The Group of 77 and China deeply regretted that the treatment of some key issues of primary interest to its members diverged significantly from the position that the Group had adopted in the comprehensive and detailed input it had provided to the Chairman of the Preparatory Committee in December 2003 in Geneva. The Group had had a much higher level of expectation with regard to the outcome of issues such as policy space, corporate responsibility, commodities, capital flows, debt, ODA, innovative financial mechanisms and trade. Those and other issues were of fundamental importance to his Group, and among them were issues of particular importance to the least developed countries and countries of sub-Saharan Africa, which were the most marginalized in the global economy.

7. From the start, a key objective of his Group had been to ensure that, after 40 years of existence as an organization addressing the trade and development concerns of developing countries, UNCTAD would not be marginalized, but would instead be strengthened in its vital role of supporting developing countries through its three pillars, namely consensus building, research and analysis, and technical assistance and capacity building. The Group of 77 and China were satisfied that the basis for continuing to ensure this had been laid down in the São Paulo Consensus. The Consensus also affirmed the continued relevance of the Bangkok Plan of Action as the blueprint for UNCTAD's activities and added value beyond that by taking into account important developments since UNCTAD X four years earlier. The important role that UNCTAD was required to play in the follow-up to major United Nations Conferences, in supporting developing countries in post-Doha multilateral trade negotiations and in adapting to new and emerging developments in trade and transport security provided examples of some key issues in that regard.

8. The Group of 77 and China had repeatedly underscored the importance of policy space in pursuance of development objectives. The negotiations in that area had been long and difficult, and while its expectations had not been fully met, the Group believed that the inclusion of a paragraph on that important issue in the São Paulo Consensus was a significant development. This was the first time that the issue had appeared in the final document of UNCTAD or indeed of any negotiated multilateral text. The effort made by the Group's developed country partners in that connection was appreciated.

9. The São Paulo Consensus had struck an appropriate balance with regard to UNCTAD's participation in the United Nations reform process and in respect of UNCTAD's cooperation with other organizations and entities. The Group of 77 and China were keen to see UNCTAD's role in development rightfully recognized through continued participation in the high-level meeting of the Economic and Social Council with the international financial institutions and WTO.

10. In the area of trade, the Group of 77 and China had been fully convinced from the outset that UNCTAD XI could play a positive role in deepening understanding of the issues that were of major concern to developing countries in the Doha negotiations and should also lay the ground for continued support in that area through UNCTAD's three pillars. This had been largely achieved, and it was a particular source of satisfaction, not only because of the importance of trade to growth and development, but also given the initial position of reticence taken by some of the Group's partners on the trade subtheme. In addition to its ongoing work on multilateral trade negotiations, developing countries could expect to benefit from UNCTAD's work in such new areas as dynamic sectors of world trade, development

benchmarking and the interface between the multilateral trading system and regional arrangements.

11. The launching of the third round of negotiations on the Global System of Trade Preferences among Developing Countries (GSTP) underscored the importance, increased relevance and timeliness of UNCTAD's work on South-South trade.

12. There had been discernible progress on some issues, which had made it possible to build on the solid base of Bangkok, for example in respect of home country measures and security-related measures and their impact on trade. There was now potential for UNCTAD to undertake work in those areas to help meet both longstanding and emerging needs of developing countries. The Group was pleased as well that UNCTAD now had increased scope to address issues in the areas of ICT and development. On corporate responsibility, the negotiated outcome fell well short of the Group's aspiration that UNCTAD's work in that area should go beyond voluntary arrangements, but despite that disappointment UNCTAD should nevertheless be able to do useful work in that area.

13. The Group of 77 and China expressed its deep concern at the increased application of coercive economic measures and unilateral sanctions against developing countries, including the new attempts aimed at extraterritorial application of domestic law, which constituted a violation of the United Nations Charter, the principles of the multilateral trading system and WTO rules. The Group of 77 and China firmly rejected the imposition of laws and regulations that entailed extraterritorial consequences and all other forms of coercive economic measures, including unilateral measures against developing countries, and reiterated the urgent need for their immediate repeal.

14. The flexibility of the Group had been tested to its limits as it sought to achieve consensus. Nowhere had that been more evident than in the spirited negotiations on governance, which the Group maintained was applicable to both national and international levels, and especially so in the context of a Conference whose theme was enhancing coherence between national development strategies and global economic processes towards economic growth and development. The document that had been adopted was in many areas significantly different from the Group's initial negotiating position. The Group had repeatedly been called on to go the extra mile, and it had more often than not done so, except when it considered that the best interests of UNCTAD, which it held dear, or when fundamental development interests did not warrant further flexibility. While the Group had not achieved all or indeed many of its objectives, the São Paulo Consensus was substantive and meaningful in its content, both for countries and for UNCTAD.

15. The Group of 77 and China welcomed the launching of multi-stakeholder partnerships in the areas of ICTs for development, commodities, investment, and capacity-building and training.

16. It would now be a collective task to ensure that the São Paulo Consensus was fully and expeditiously implemented, and the Group of 77 and China would cooperate fully with all their partners to ensure that was achieved.

17. The representative of **Ireland**, speaking on behalf of the **European Union**, welcomed the adoption of the São Paulo Consensus, which was an important and comprehensive document that would guide UNCTAD over the coming four years. In the constructive discussions at the Conference, there had been a strong focus on ways in which developing countries could use trade to reduce poverty and promote development. That was a crucial issue where UNCTAD could make a substantial contribution.

18. The European Union had approached UNCTAD XI with a clear set of objectives. It had wanted to make sure that UNCTAD was an effective organization that provided strong support for developing countries, particularly the least developed countries, in their efforts to integrate into the global economy. It believed strongly that UNCTAD should give high priority in its work to addressing the needs of LDCs.

19. The European Union was pleased that the São Paulo Consensus recognized the importance of UN reform and the need for UNCTAD to focus on results and to work in partnership, within its mandate, with other international organizations.

20. UNCTAD should attach higher priority to mainstreaming trade in poverty reduction strategies, commodities and regional integration. Integrating a trade dimension into national development plans had been a constant theme at the Conference, and there was clearly strong demand from developing countries for support in their efforts to address supply-side constraints and to ensure that the benefits from increased trade contributed to poverty reduction. The EU also welcomed the increased focus on the importance of South-South trade and the efforts being made to revitalize the Global System of Trade Preferences among Developing Countries.

21. Another key priority for the EU had been a strong and clear statement on the fundamental importance of good governance, at the national level, for poverty reduction and sustainable development. It was pleased that the São Paulo Consensus contained such a statement.

22. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the Conference had paid particular attention to the least developed countries (LDCs), which had to deal with extreme poverty and its soul-destroying consequences on a daily basis. The danger for LDCs was to be definitively marginalized, despite their determination and efforts to tackle the challenges facing them.

23. One opportunity for LDCs concerned the Programme of Action for the LDCs for the Decade 2001-2010, the proper implementation of which would certainly improve living conditions in LDCs. The main aim of the Programme was to make substantial progress towards the 2015 goal of halving the proportion of people suffering from extreme poverty and hunger. To achieve that, the LDCs would have to attain an annual GDP growth rate of at least 7 per cent and an investment/GNP ratio of 25 per cent, and significant new, additional and predictable resources would therefore be required. However, as recognized by the Programme of Action, the LDCs' own domestic resources would not be sufficient, and external resources would be crucial. Creating an environment conducive to eradicating poverty thus depended on effective mobilization of external resources, which could only be generated by measures focusing on increasing official development assistance, canceling LDCs' debt, promoting trade in LDCs by granting them quota-free and duty-free access to developed countries' markets, and promoting foreign direct investment. The high-level segment of the Economic and Social Council in June 2004 would consider the issue of resource mobilization, and it was hoped that the development partners would renew their commitments in that respect and above all take bold measures to meet the goals set out in the Programme of Action for LDCs more quickly.

24. UNCTAD should, in cooperation with member States, pursue its efforts aimed at finding appropriate solutions for the real needs of LDCs. The Conference had adjusted and refined UNCTAD's mandate in the light of the need for active multilateralism based on international law and respect for the UN Charter. UNCTAD was more necessary than ever as a forum for exploring and developing ideas resulting in concrete actions and assistance.



25. The recommendations and decisions agreed upon at the Conference would be decisive for future activities of UNCTAD, countries and partner institutions in favour of LDCs. However, setting goals was no longer enough. It was now time to act and attain the goals. It was hoped that all the recommendations would be acted on and that São Paulo would not be just another conference. He thanked the LDCs' development partners for all they had done to help the LDCs, and encouraged them to increase their efforts. He also requested that they help in making it possible to publish the *Least Developed Countries Report* annually as from 2006.

26. The representative of **Paraguay**, speaking on behalf of the **landlocked developing countries**, underscored the great importance that the landlocked developing countries attached to UNCTAD XI and the Conference's efforts to mitigate the special problems facing them. The Almaty Conference had produced a Programme of Action, and the WTO Ministerial Meeting in Cancún had produced a renewed appeal to the international community on behalf of the landlocked developing countries. UNCTAD XI represented another step forward in enhancing countries' understanding of the special needs and difficulties of landlocked developing countries and in particular of their need for special treatment in a world where competitiveness was key. It was hoped that, as a result of UNCTAD XI, the Doha negotiations and other negotiations, for example in the field of transport, would be marked by a greater spirit of openness.

27. The representative of **Focus on the Global South**, speaking on behalf of the **Civil Society Forum**, said that civil society attached political importance to the fact that UNCTAD XI had produced a consensus document when it had been difficult to achieve the same thing in WTO, not once but twice. From its interactions at the Conference, civil society had reconfirmed a number of beliefs. The current model of trade liberalization, based on the tenet of market access, had benefited large corporations and intensified the marginalization of the poor and unskilled. Transnational corporations had appropriated tremendous political and economic power and had used that power to subvert fundamental human rights of people and the right of people over their resources. Large corporations had also found partners in some Governments to subvert the United Nations and its processes. Illegal occupation of territories under any guise, as well as economic blockades, had only made societies poor and had eroded their capacity to trade. Conditionalities attached to financial and trade packages negotiated at the bilateral and multilateral levels under the name of structural adjustment or policy loans had only intensified debt problems at the macro and micro levels and had shrunk policy space. The commodity sector had lost its capacity to support the societies that had traditionally depended on it for survival and development. UNCTAD had failed to build a consensus around its own research and policy analysis, and was seen to be providing technical assistance that supported the agenda of the WTO negotiations. Most importantly, there existed alternatives to the one-size-fits-all neoliberal approach to development, but those alternatives found space only in alternative socioeconomic literature, as they did not take forward the agenda of existing power centers.

28. Civil society strongly believed that these trends needed to be reversed. UNCTAD could be a valuable partner in that process and would benefit from civil society's technical assistance in the area of research and analysis and also in the area of consensus building. For example, UNCTAD should recognize that the WTO system was not the only multilateral regime for trade and that there could be more flexible, inclusive and consensus-driven multilateral trading systems that could adequately address concerns of developing and poor societies. UNCTAD could begin by working with civil society to defeat any attempt to launch negotiations on the Singapore issues at WTO. On the basis of primary research and empirical analysis, UNCTAD

should produce policy recommendations on the commodities sector and should build a consensus on incorporating that analysis into discussions taking place on existing and prospective multilateral trading platforms. UNCTAD should recognize and actively partner with civil society to promote the right of every country or group of countries to food sovereignty. It should develop policy options to create sustainable employment opportunities, especially for women, it should resuscitate its work on development of regulations for transnational corporations, and it should work with civil society on the protection and enhancement of rights of indigenous communities, labour, women and ecology. UNCTAD should continuously verify whether the policy options it was suggesting were consistent with discussions in other UN-based international multilateral platforms working in the area of gender, human rights, labour, agriculture and food, environment and sustainable development. Moreover, it should strive to build a consensus on integration of its refurbished policy options into its own technical assistance programmes, as well as programmes of other multilateral and regional lending and trade institutions. It should provide technical assistance to its members with a view to enhancing their policy space and should work actively with its members towards reforming international contractual and non-contractual obligations to suit the sovereign developmental requirements of developing and poor countries, as well as countries in transition. UNCTAD would only be able to forge partnerships in those areas if it had a visionary and proactive leadership, management and staff that believed in the contribution of societies to trade and vice versa and if it was provided with unconditional financial and political support by its members. Member States should continue to empower UNCTAD with leadership, management and resources, and the Civil Society Forum would be informing the Secretary-General of the United Nations of the qualities and commitments it expected of the future Secretary-General of UNCTAD.

## **Part V**

### **ORGANIZATIONAL AND PROCEDURAL MATTERS**

#### **A. Opening of the Conference**

(Agenda item 1)

29. The inaugural ceremony of the eleventh session of the United Nations Conference on Trade and Development was held on 14 June 2004. Welcoming remarks were made by Mrs. Marta Suplicy, Mayor of São Paulo, and Mr. Geraldo Alckmin, Governor of São Paulo State. Opening statements were made by Mr Thaksin Shinawatra, Prime Minister of Thailand, host country for UNCTAD X; Mr. Kofi Annan, Secretary-General of the United Nations; Mr. Julian Hunte, President of the United Nations General Assembly; and Mr. Luiz Inácio Lula da Silva, President of Brazil. Mr. Rubens Ricupero, Secretary-General of UNCTAD, paid tribute to Professor Celso Furtado of Brazil.

30. At the opening plenary, also held on 14 June 2004, statements were made by Dr. Surakiart Sathirathai, Foreign Minister of Thailand, host country for UNCTAD X; Mr. Celso Amorim, Foreign Minister of Brazil and President of UNCTAD XI; Mr. Rubens Ricupero, Secretary-General of UNCTAD; and Dr. Supachai Panitchpakdi, Director-General of WTO.

#### **B. Election of the President**

(Agenda item 2)

31. At its 265<sup>th</sup> (opening) plenary meeting, on 14 June 2004, the Conference elected by acclamation Mr. Celso Amorim, Foreign Minister of Brazil, as its President.

#### **C. Establishment of sessional bodies**

(Agenda item 3)

32. At its 265<sup>th</sup> meeting, the Conference decided to establish a Committee of the Whole to consider and report on the specific substantive item referred to it by the plenary (agenda item 8). In line with rule 63 of the rules of procedure, the Committee of the Whole would set up such drafting groups as might be required to carry out its function.

#### **D. Election of Vice-Presidents and the Rapporteur**

(Agenda item 4)

33. At the same meeting, the Conference decided that its Bureau would consist of 35 members, comprising the President, the Vice-Presidents, the Chairman of the Committee of the Whole, and the Rapporteur of the Conference. It further decided that the composition of the Bureau should be such as to ensure equitable geographical distribution, i.e. seven members from Africa, seven from Asia, seven from Latin America and the Caribbean, nine

from Group B, four from Group D, and China. It waived rule 58 of the rules of procedure concerning procedures for the election of members of the Bureau, and it declared the following officers elected:

**Chairman of the Committee of the Whole:**

Mr. Zukang Sha (China)

**Vice-Presidents:**

Mr. Kerrie Symmonds (Barbados)  
Mr. Sergei Aleinik (Belarus)  
Mr. Petko Draganov (Bulgaria)  
Mr. Raúl de la Nuez Ramirez (Cuba)  
Mr. Miroslav Somol (Czech Republic)  
Mr. Paul Biyoghe Mba (Gabon)  
Mr. Tassos Anastassios Kriekoukis (Greece)  
Mr. Kamal Nath (India)  
Mr. Tom Kitt (Ireland)  
Mr. Keith D. Knight (Jamaica)  
Mr. Ryuichiro Yamazaki (Japan)  
Mr. Mukhisa Kituyi (Kenya)  
Mr. Choguel Kohalla Maiga (Mali)  
Mr. Mustapha Mechahouri (Morocco)  
Mr. Gyan Chandra Acharya (Nepal)  
Mr. Jan de Jong (Netherlands)  
Mr. Adamu Danjuma Idris Waziri (Nigeria)  
Mr. Bjørn Skogmo (Norway)  
Mr. Ali Al-Sunaidy (Oman)  
Mr. Abdul Hafeez Shaikh (Pakistan)  
Mrs. Leila Rachid de Cowles (Paraguay)  
Mr. David Waisman (Peru)  
Mr. Enrique A. Manalo (Philippines)  
Mr. Vladimir I. Tkachenko (Russian Federation)  
Mrs. Awa Gueye Kebe (Senegal)  
Mr. Jeyarai Fernandopulle (Sri Lanka)  
Mr. Pierre-Louis Girard (Switzerland)  
Mr. Surakiart Sathirathai (Thailand)  
Ms. Elaine Drage (United Kingdom of Great Britain and Northern Ireland)  
Mr. Richard T. Miller (United States of America)  
Mr. Jesús Arnaldo Pérez (Venezuela)  
Mr. K.V. Manyonda (Zimbabwe)

**Rapporteur:**

Mr. François Leger (France)

34. In accordance with past practice, the Conference decided that the coordinators of regional groups would be fully associated with the work of the Bureau.

### **E. Adoption of the agenda**

(Agenda item 6)

35. At its 265<sup>th</sup> meeting, on 14 June 2004, the Conference adopted the provisional agenda for its eleventh session (TD/391). (For the agenda as adopted, see annex I.)

### **F. Credentials of representatives to the Conference**

(Agenda item 5)

#### ***Appointment of the Credentials Committee***

36. At its 265<sup>th</sup> meeting on 14 June 2004, in accordance with rule 14 of the rules of procedure, the Conference established a Credentials Committee consisting of nine members. In accordance with past practice, the Committee was to be composed of the same nine States as appointed by the General Assembly to serve on the Credentials Committee at its fifty-eighth session, but if any of the States in question were not represented at the Conference, the regional group concerned would be requested to nominate a replacement. The composition of the Credentials Committee was thus as follows: Cape Verde, China, Costa Rica, Cuba, Ethiopia, Myanmar, New Zealand, the Russian Federation and the United States of America. The Committee was chaired by Myanmar.

#### ***Report of the Credentials Committee***

37. At its 269<sup>th</sup> (closing) plenary meeting, on 18 June 2004, the Conference received the report of the Credentials Committee and adopted resolution 178 (XI) by which it approved the report of the Credentials Committee and thereby accepted the credentials of the representatives participating in the Conference.

### **G. High-level events and interactive thematic sessions<sup>10</sup>**

38. On 13 June 2004, a High-level Panel on Creative Industries and Development was held, at which opening statements were made by Mr. Gilberto Gil Moreira, Minister of Culture of Brazil; Mr. Rubens Ricupero, Secretary-General of UNCTAD; and Ms. Nane Annan.

39. On 14 June 2004, a high-level segment was held on the New Geography of Trade: South-South Cooperation in an Increasingly Interdependent World. Statements were made by Mr. Kofi Annan, Secretary-General of the United Nations; Mr. Jorge Battle, President of Uruguay; Mr. Nicanor D. Frutos, President of Paraguay; Mr. Carlos Diego Mesa Gisbert, President of Bolivia; and Mr. Thaksin Shinawatra, Prime Minister of Thailand.

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<sup>10</sup> For summaries of discussions, see annex X, documents in the TD/L series.

40. Also on 14 June 2004, a High-level Round Table on Trade and Poverty took place. In the course of the Conference, a series of interactive thematic sessions were held on the following topics: Economic Development and Capital Accumulation – Recent Experience and Policy Implications; Leveraging FDI for Export Competitiveness; Building Competitive Export Capacity of Developing Country Firms; Assuring Development Gains from the International Trading System and Trade Negotiations; Policy Options and Strategies to Support Developing Countries' Competitiveness in the Most Dynamic Sectors of International Trade; ICT as an Enabler for Growth, Development and Competitiveness – Implications for National and International Policies and Actions; Trade and Transport Facilitation – Building a Secure and Efficient Environment for Trade; A Partnership for Training, Distance Learning and Networking.

## **H. General debate**

41. In the course of the general debate, statements were made by 115 member States, 8 UN bodies and specialized agencies, 3 intergovernmental organizations and 2 non-governmental organizations.

## **I. Committee of the Whole**

42. The Committee of the Whole, under the chairmanship of Mr. Zukang Sha (China), met from 14 to 16 June 2004. It had before it the draft UNCTAD XI negotiated text and its draft annex (TD/L.368 and Add.1). At its first plenary meeting, on 14 June, it decided to establish two drafting groups, and it requested Mr. Puri (India) and Mr. Adam (Belgium) to co-chair the first group and Ms. Magistad (Norway) and Mr. Manalo (Philippines) to co-chair the second group.

43. At its second (closing) plenary meeting, on 16 June, the Committee received the reports of the two drafting groups, approved the text of the draft São Paulo Consensus and decided to transmit the text to the Conference through the Bureau. It also took note of the annex and recommended that the Conference take note of the annex and attach it to the São Paulo Consensus.

## **J. Pre-Conference and other events<sup>11</sup>**

44. A number of pre-Conference and other events were held in conjunction with the Conference. A series of civil society hearings was also held (see annex VII for a complete list of events).

45. The following declarations and communiqué were transmitted to the Conference and presented at the opening plenary meeting of the Committee of the Whole: Ministerial Declaration on the occasion of the Fortieth Anniversary of the Group of 77; Declaration of the Least Developed Countries Ministerial Meeting at UNCTAD XI; Ministerial Communiqué of Landlocked Developing Countries; Civil Society Forum Declaration to UNCTAD XI; Declaration adopted by the Parliamentary Meeting on the occasion of UNCTAD XI. (See annexes II-VI for the texts.)

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<sup>11</sup> For summaries of discussions, see annex X, documents in the TD/L series.

46. At a special session at ministerial level, the Committee of Participants of the Global System of Trade Preferences among Developing Countries (GSTP) launched the third round of GSTP negotiations.

### **K. Substantive outcome of the Conference**

47. At its closing plenary meeting, on 18 June 2004, the Conference received the report of the Chairman of the Committee of the Whole and, on the recommendation of the Committee, adopted the São Paulo Consensus. It also took note of the annex and decided to attach it to the Consensus on the understanding that the process of building the UNCTAD XI multi-stakeholder partnerships would evolve over time and that their implementation would depend on the availability of the necessary resources, to be provided by UNCTAD and other partners. (For the text of the São Paulo Consensus, see section II above).

48. At the same meeting, the Conference also adopted the Spirit of São Paulo (for the text, see section I above).

### **L. Expression of gratitude**

49. At the closing plenary meeting, the Conference adopted by acclamation an expression of gratitude to the Government and people of Brazil presented by Mr. Zukang Sha (China), President of the Trade and Development Board and Chairman of the Committee of the Whole. (For the text, see section III above.)

### **M. Other business**

(Agenda item 9)

#### ***Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)***

50. At its 269<sup>th</sup> (closing) plenary meeting, on 18 June 2004, the Conference endorsed the lists presented to it (for the lists, see annex IX).

#### ***Reports of the Trade and Development Board to the Conference***

51. The Conference took note of the reports of the Trade and Development Board since the tenth session of the Conference, as listed in document TD/402.

#### ***Financial implications of the actions of the Conference***

52. At the 269<sup>th</sup> (closing) plenary meeting, on 18 June 2004, the Deputy Secretary-General of UNCTAD informed the Conference that there were no resource implications arising from the outcome of the Conference for the programme budget for the biennium 2004–2005. The resource implications arising from paragraph 34 of the São Paulo Consensus would be addressed in the context of the preparations for the programme budget for the biennium 2006–2007.

53. The Conference took note of the Deputy Secretary-General's statement.

***Review of the calendar of meetings***

54. The Conference instructed the Trade and Development Board, at its first executive session after the Conference, to approve a new calendar of meetings.

***Invitation to host UNCTAD XII***

55. At the 269<sup>th</sup> (closing) plenary meeting, on 18 June 2004, the representatives of Ghana and Tunisia announced that their countries were willing to host UNCTAD XII. The representative of Senegal, speaking on behalf of the African Group, announced that the African countries would be consulting among themselves at the highest level in that connection.

**N. Adoption of the report of the Conference to the General Assembly**

(Agenda item 10)

56. The Conference adopted the draft report, as contained in document TD/L.377, and authorized the Rapporteur to finalize the report of the Conference under the authority of the President.

**O. Closure of the eleventh session of the Conference**

57. At a closing ceremony on 18 June 2004, the Conference was addressed by Mr. Hélio Bicudo, Deputy Mayor of São Paulo, and Mr. Rubens Ricupero, Secretary-General of UNCTAD. The eleventh session of the Conference was declared closed by the President of the Conference.



## Annex I

### **Agenda for the eleventh session of the United Nations Conference on Trade and Development**

1. Opening of the Conference
2. Election of the President
3. Establishment of a Sessional Committee
4. Election of Vice-Presidents and the Rapporteur
5. Credentials of representatives to the Conference:
  - (a) Appointment of the Credentials Committee
  - (b) Report of the Credentials Committee
6. Adoption of the agenda
7. General debate
8. Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries:
  - (a) Development strategies in a globalizing world economy
  - (b) Building productive capacity and international competitiveness
  - (c) Assuring development gains from the international trading system and trade negotiations
  - (d) Partnership for development
9. Other business:
  - (a) Periodic review by the Conference of the lists of States contained in the annex to General Assembly resolution 1995 (XIX)
  - (b) Report of the Trade and Development Board to the Conference
  - (c) Financial implications of the actions of the Conference
10. Adoption of the report of the Conference to the General Assembly.

## Annex II

### Ministerial Declaration on the occasion of the Fortieth Anniversary of the Group of 77

We the Ministers of the Member States of the Group of 77 and China meeting in São Paulo, Brazil, on 11 and 12 June 2004 for the commemoration of the fortieth anniversary of the Group of 77,

Having reviewed on the eve of UNCTAD XI the achievements of the Group of 77 and the challenges facing it over 40 years of commitment to the cause of development; and having assessed the complex and fast changing world economy and the evolving international economic relations in the face of new challenges and opportunities,

Reaffirming the common aspirations, unity and solidarity that led to the adoption of the Joint Declaration of the Seventy-seven developing countries at the conclusion of the first session of the United Nations Conference on Trade and Development, on 15 June 1964 in Geneva, and the Charter of Algiers on the occasion of the First Ministerial Meeting of the Group of 77, on 25 October 1967 in Algiers, Algeria,

Recognizing the continued expansion of its membership from 77 to more than 130 countries today,

Reaffirming the positive approach that guides the work and the role of the Group in dealing with international economic and development issues, and the principles of cooperation and non-confrontation, on the basis of interdependence of nations and the shared values and common destiny of mankind, solemnly declare the following:

1. The establishment of the Group of 77 at the first UN Conference on Trade and Development (UNCTAD) was a historic turning point as the developing countries found a common platform to voice their concerns and form consensus to advance their economic interests. By acting collectively, developing countries acquired a degree of strength to influence the international agenda that they would not have been able to achieve individually.
2. The Group continues to strive for equity and justice in international economic relations in the belief that this can build a really solid foundation for world peace and contribute to a stable and prosperous world.
3. The fact that the Group was born alongside UNCTAD reflects the acknowledgment that the establishment of an equitable international trade regime has been a central issue to the development agenda. Subsequently, the Group brought its collective will to bear on the pursuit of common goals in the related fields of, *inter alia*, finance, foreign direct investment, capital markets, external debt, food, agriculture, industrialization, intellectual property rights, social development, health, education, sustainable development, science and technology, and information and communication technology. The institutional development of the Group of 77 led to the creation of chapters to defend and promote the interests of developing countries within the organizations of the UN system, including the Bretton Woods Institutions.
4. The Group of 77 continues to exercise a significant influence in enhancing economic and social multilateral diplomacy. Among its major achievements are its contributions to the successful negotiation of the Generalized System of Preferences (GSP), the Charter of Economic Rights and Duties and the Integrated Programme for Commodities, including the

Common Fund. The Group also played an important role in the adoption of internationally agreed targets for the transfer of resources to developing countries. Initiatives taken by the Group led to the creation of new institutions like UNIDO and IFAD, and the formulation of new rules, guidelines, norms, principles and a comprehensive framework of cooperation on a whole new range of economic and social issues. Real landmarks in this regard have been the launch and development of South-South cooperation, the holding of UN major conferences and summits and the adoption by the UN General Assembly of the Declaration and Programme of Action for the Establishment of a New International Economic Order.

5. The Group of 77 has also made a notable contribution to the effective functioning of the United Nations system. The Group has played a leading role in strengthening the UN system in addressing global issues, particularly in the economic and social fields. The Group stresses the continued need to integrate the development dimension at the heart of international decision and rule making and in addressing the global processes.

6. The main strengths of the Group of 77 have been its unity and solidarity, its vision of fair and equitable multilateral relations, the commitment of its member States to the well-being of the peoples of the South, as well as their commitment to mutually beneficial cooperation.

7. We emphasize the historical importance of the First South Summit of the Group held in Havana, Cuba, in April 2000, which adopted the Havana Declaration and Programme of Action that undertook to pursue a sharply focused action-oriented agenda, geared to implementing a number of high-priority initiatives within specified timeframes. The effective implementation of the Havana Programme of Action requires the necessary resources and the collective efforts of the Members of the Group in this regard.

8. The High-level Conference on South-South Cooperation, held in Marrakech, Morocco, in December 2003, adopted the Marrakech Declaration and the Marrakech Framework for the Implementation of South-South Cooperation, which reaffirmed the commitment of the members to South-South cooperation and identified specific measures and initiatives to achieve this goal. We reaffirm our commitment to the implementation of these measures and initiatives and to expediting the achievement of the time-bound objectives contained in the Marrakech Framework for the Implementation of South-South Cooperation.

9. South-South cooperation has always been regarded as an effective tool to maintain and strengthen our solidarity and unity. Through South-South cooperation, including at the regional and subregional level, developing countries have been able to avail themselves of the opportunities that lie beyond their borders for enhancing the welfare of their people. We note with satisfaction the progress made so far by the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF) in support of South-South cooperation. We welcome the initiatives launched and undertaken by members of the Group aimed at poverty eradication and promotion of social development.

10. We express appreciation for the work of the South Centre and in this regard resolve to strengthen the Centre as a think-tank of the countries of the South.

11. Several items that were on the agenda of the Group of 77 in 1964 remain valid, such as the asymmetries of the multilateral trading system, the transfer of resources between developing and developed economies, including the insufficient flows of official development assistance and the debt burden, the volatility of commodity markets and the dismantling of protectionist barriers to the markets of developed countries. Moreover, new issues such as sustainable development, social development and equity and inclusion, the

increased frequency of financial crises, trade subsidies, in particular in agricultural products, the role of information and communication technologies and illicit international transactions demand a concerted global response from the international community.

12. The expectations of greater global security and a just and non-discriminatory international economic and social order have not been realized. The world today is beset by acute economic and social problems, many of them structural in nature. International economic relations also continue to be marked by uncertainty and imbalances, with marginalization of developing countries and in particular the least developed. The Group has expressed its deep concern about the tendency by developed countries to take decisions that affect the world economy outside the multilateral framework of the United Nations system and without giving full consideration to the interests of developing countries.

13. We stress the importance of strengthening multilateralism and the United Nations system in the face of growing unilateralism as well as attempts to put in place new regimes and rules limiting the policy space available to developing countries and their choices for macro-economic policy making. The developing countries can meet this challenge by acting collectively.

14. The process of globalization and liberalization has produced uneven benefits among countries. The international disciplines and obligations are also increasingly encompassing rules that frame development policy choices of developing countries. These developments, which have had negative economic and social effects, underscore the importance of ensuring policy space for developing countries to advance national development objectives based on their development, financial and trade needs. The liberalization of trade policy regimes should not intrude on national policy space. This calls for development strategies that would ensure an optimal balance between efficiency and equity. In this process, the role of the State is critical in defining national needs and priorities. This also calls for the “governance of globalization” which places development at the very centre of global concerns, including with respect to corporate social responsibility. There is a need to integrate the development dimension into international economic processes and rule making. The opportunity offered by the ICT revolution must be utilized to bridge both the digital and development divide.

15. Developing countries must be assisted to effectively participate in and respond to the challenges and derive benefits from international trade and multilateral trade negotiations. A development-friendly international economic environment should be ensured within which fuller and beneficial integration of developing countries into the world economy can be facilitated. This will make an important contribution to the realization of the Millennium Development Goals, including a multilateral trading system which is truly open, equitable, rule-based, predictable and non-discriminatory and which takes on board core interests and concerns of developing countries. The Group of 77 is concerned that the negotiations so far have not met the expectations of developing countries. Developed countries are invited to demonstrate the required political will to fulfill the commitments that they undertook in Doha, particularly that development will be at the forefront of multilateral trade negotiations. Thus, the important objective of the Doha Declaration, which has placed the needs and interests of developing countries at the heart of the Doha Work Programme, must be vigorously and continuously pursued with a view to bringing about concrete, identifiable and implementable development-oriented outcomes from multilateral trade negotiations on the whole range of issues of particular concern to developing countries. Facilitating the accession of developing countries to the WTO remains a major objective.

16. We emphasize the importance of the strengthening and attainment of the universality of the World Trade Organization and, in this context, call for accelerating the accession

process without political impediments and in an expeditious and transparent manner for developing countries applying to the World Trade Organization, and also the provision of technical assistance by the World Trade Organization and the United Nations Conference on Trade and Development, within their mandates, thereby contributing to the rapid and full integration of those countries into multilateral trading system.

17. The Group of 77 stresses the importance for all countries of consistency between national trade policies and the multilateral trade agreements. In this regard, we reiterate our concern and call for the elimination of the continuing use of unilateral coercive economic and trade measures against developing countries such as economic and trade sanctions that are in contradiction with the UN Charter and WTO rules.

18. Convinced of the importance of enhancing South-South trade, we welcome the decision to revive the Global System of Trade Preferences among Developing Countries (GSTP), established in 1989, and to launch the third round of negotiations aimed at integrating and furthering the objectives of the GSTP agreement. The third round should ensure equitable, meaningful, and mutually advantageous contributions to the GSTP to enhance South-South trade.

19. We are concerned about the adverse effects of domestic support and subsidies granted to the production and export of commodities by some developed countries that cause distortions in international trade and undermine trade opportunities.

20. The Ministers, concerned about the adverse effects of domestic support and subsidies granted to the production and export of cotton by some developed countries that cause distortions in international trade and undermine trade opportunities while worsening the economic and social situation of the LDCs that are cotton producers and exporters, also urge those developed countries to expeditiously complete, as far as cotton is concerned, the elimination of both export subsidies and production-related domestic support.

21. As the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and with its interrelated functions comprising research and policy analysis, intergovernmental deliberations and consensus building and technical cooperation, UNCTAD is pre-eminently placed to respond to the current and emerging challenges facing developing countries. The mandate and functions of UNCTAD give the institution a special role in the overall configuration of multilateral institutions. Recent decisions of the General Assembly to request UNCTAD to contribute not only to the implementation of the outcomes of major conferences but also to review the progress in the implementation of the commitments made and of the agreement reached and to include UNCTAD in the high-level dialogue of ECOSOC with the Bretton Woods Institutions and the WTO are welcomed. UNCTAD XI is another milestone both in the life of UNCTAD and in that of the Group of 77, which continues to benefit from the multidisciplinary activities of the organization. The consensus reached in São Paulo, and its reaffirmation of the Bangkok Plan of Action, provide the framework for UNCTAD's work in the next four years. The main theme and the four subthemes of UNCTAD XI represent a solid basis to build upon and expand in a forward looking direction aimed at further strengthening UNCTAD at its twelfth session in 2008. The international community is invited to support UNCTAD in all its areas of work.

22. The Group stresses the need for international rules to allow policy space and policy flexibility for developing countries, as they are directly related to the development strategies of national Governments. The Group further emphasizes the need for policy space to formulate development strategies that take into account national interests and differing needs

of countries which are not always taken into account by international economic policy making in the process of integration with the global economy.

23. We attach high priority to the reform of the United Nations and we reiterate our willingness to participate actively in the negotiations for the strengthening of the Organization, in order that it respond efficiently to current and future challenges, including the requirements, concerns and interests of developing countries, which constitute the vast majority of its membership. We reaffirm that such negotiations should be aimed at strengthening multilateralism, endowing the Organization with a substantive capacity to fully and effectively meet the purposes and principles enshrined in the Charter, and to consolidate its democratic character and its transparency in the discussion and implementation of decisions of Member States.

24. We remain committed to the Millennium Development Goals and other internationally agreed development goals and multilateral commitments and initiatives aimed at poverty eradication. In this regard, we call upon the international community and the United Nations system to fully and speedily achieve the Millennium Development Goals and other development goals set out in the major United Nations conferences and summits as well as in their respective reviews. The Group further emphasizes the need for international development cooperation to take fully into account national development strategies of developing countries.

25. The Group of 77 is determined to work actively for the success of the high-level plenary meeting to be held at the commencement of the sixtieth United Nations General Assembly, in 2005, with the participation of the Heads of State and Government, to review progress made in the fulfillment of all the commitments made in the United Nations Millennium Declaration, including the internationally agreed development goals and the global partnership required for their achievement, and the progress made in the integrated and coordinated implementation, at the national, regional and international levels, of the outcomes and commitments of the major United Nations conferences and summits in the economic and social fields. We stress that if the Millennium Development Goals are to be achieved by 2015, there is an urgent need to ensure a genuine Global Partnership for Development, which requires increased commitment and implementation on the part of developed countries.

26. Considering the achievements of the Group of 77 over the last 40 years and bearing in mind that globalization in the 21<sup>st</sup> century should and needs to be fully inclusive and equitable, we need to consolidate and accelerate the gains achieved through the realization of the mandate of the Group of 77 including, amongst other things, the necessity to ensure delivery of the Millennium Development Goals and the goals contained in the outcomes of the major UN Conferences and Summits in the economic and social fields,

27. We stress the importance of strengthening cooperation and coordination between the Group of 77 and China and the Non-Aligned Movement through the Joint Coordinating Committee (JCC) or the promotion of the common priorities of the developing countries and South-South cooperation.

28. The North-South dialogue and negotiations require genuine cooperation for development through global partnership. It is in this spirit that the current and future challenges can be resolved. We call upon developed countries to show the same determination in this respect as the Group of 77 has been doing over the years so that the development of all nations can be achieved, in particular that of developing countries. We stress the importance of the early conclusion of ongoing efforts to strengthen the participation

and representation of developing countries in global economic governance. It is only in this way that multilateralism will achieve its full potential.

29. We reaffirm our commitment to the Declaration on the Right to Development as contained in General Assembly resolution 41/128 of 4 December 1986, and encourage its full and effective implementation.

30. Responding to both current and emerging challenges requires adaptation to the realities of today's world. The Group of 77 recognizes the role that civil society and the business community can play as important partners in promoting the development objectives and goals of developing countries. A more systematic relationship and cooperation with relevant stakeholders supportive of the development process will be pursued.

31. The forthcoming Second South Summit in 2005 will be the occasion to assess the implementation of the Havana Programme of Action and the Marrakech Framework for the Implementation of South-South Cooperation.

32. We recognize and acknowledge the special needs of the least developed countries, the small island developing States, and the landlocked developing countries within a New Global Framework for transit transport cooperation for landlocked and transit developing countries and reaffirm our continued support for their endeavours in every regard, particularly in their efforts to achieve the Millennium Development Goals and the implementation of the Brussels Programme of Action, the Barbados Programme of Action and the Almaty Programme of Action.

33. We support the efforts of African countries to address the challenges of poverty eradication and development through the implementation of NEPAD.

34. The Group of 77 reiterates the necessity of the access of all developing countries to information and communication technologies, which are essential in promoting sustainable development and achieving the Millennium Development Goals. In this regard, we stress the importance of the effective preparation and participation of all developing countries in the second phase of the World Summit on the Information Society due to be held in Tunis from 16 to 18 November 2005.

35. We firmly reject the imposition of laws and regulations that entail extraterritorial consequences and all other forms of coercive economic measures, including unilateral sanctions against developing countries, and reiterate the urgent need for their immediate repeal. We underline that those measures undermine the principles enshrined in the Charter of the United Nations and international law and are in contradiction with the principles of the multilateral trading system and WTO rules and also constitute a serious threat to the freedom of commerce, navigation and investment. Therefore, we call upon the international community to reject those measures and promote their total elimination.

36. We recognize the severe negative impact of foreign occupation on efforts towards sustainable development and poverty eradication and reaffirm in this regard our commitment, along with the international community, to address this matter and to exert efforts to ameliorate the economic, social and environmental conditions in areas affected by it.

37. We express our appreciation and gratitude to Brazil and its people for the excellent organization and hosting of the Special Ministerial Meeting on the occasion of the 40<sup>th</sup> anniversary of the Group of 77 and the warm hospitality which was bestowed on us in the city of São Paulo.

### Annex III

## Declaration of the Least Developed Countries Ministerial Meeting at UNCTAD XI

We, the Ministers of the least developed countries, having met in São Paulo, Brazil, on 13 June 2004, during the eleventh session of the United Nations Conference on Trade and Development (UNCTAD XI), held from 13 to 18 June 2004,

*Recalling* the Millennium Declaration and the Millennium Development Goals, aimed *inter alia* at reducing extreme poverty by half by 2015,

*Reiterating* that the Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001-2010 provide a framework for a partnership based on mutual commitments by least developed countries (LDCs) and their development partners,

*Recalling* also the commitments of the international community, as contained especially in the Monterrey Consensus adopted by the International Conference on Financing for Development and the Plan of Implementation agreed at the World Summit on Sustainable Development in Johannesburg, as well as in the Doha Ministerial Declaration of the WTO, as they relate to LDCs.

*Recalling* further the Zanzibar Declaration of 2001, the Dhaka Declaration of 2003 and the Dakar Declaration of 2004, adopted by the LDCs' Trade Ministers and calling upon the international community to take fully into account the concerns and needs reflected therein,

*Adopt* the following Declaration:

1. *We express* our deep concern at the unabated dismal socio-economic conditions and the continued marginalization as well as the resulting difficulties facing our countries in achieving the poverty reduction goals of the Programme of Action for LDCs for the Decade 2001-2010 and the Millennium Declaration.
2. *We reaffirm* our commitment to the implementation of the actions and commitments of the Programme of Action for the Least Developed Countries for the decade 2001-2010, which has, as its overarching goal, the reduction of extreme poverty by half by 2015.
3. *We recognize* the important role of national efforts, which must be at the centre of our development policies and strategies. We reaffirm our commitment to pursuing appropriate economic policies and strategies aimed at attaining sustained, accelerated and balanced economic growth and development as a basis for improving the living standards of our peoples. We will continue to make efforts to create conditions for improved domestic and foreign investment and for the development and the diversification of our exports.
4. *We also* recognize that, with our countries' limited capacities, resulting mainly from the structural weaknesses of our economies, our efforts alone would not be adequate to address the multifaceted problems facing our countries. We therefore emphasize that, in a globalizing world, a more favourable international economic environment and the support of our development partners are critical for our efforts to reverse economic decline in our countries and to improve the living standards of our populations.
5. *We stress* the critical need for convergence of national and international efforts on the means to implement the Brussels Programme of Action for the Least Developed Countries



and achieve the internationally agreed development goals, including those contained in the Millennium Declaration, which are critical for the development of our countries and for escaping the “poverty trap”. In this regard, we believe that coherence between international processes and national policies and strategies – which is also the central theme of UNCTAD XI – will be critical. In this context:

- 5.1 *We call* on development partners to renew and strengthen their efforts to meet as expeditiously as possible their commitments on ODA targets, as contained in the Programme of Action for the LDCs for the Decade 2001-2010. Further efforts are needed to improve the quality and effectiveness of aid, including through the implementation of commitments to untie aid as a priority. Development partners’ practices in aid delivery should be streamlined to ensure the success of national development strategies, in particular by providing aid on a more predictable basis with long-term commitments.
- 5.2 Due to the fact that the external debt burden of most LDCs continues to be severe and the debt relief measures undertaken so far have proved grossly inadequate to the extent that the growth prospects of LDCs remain limited, we call for the full and speedy implementation of the Enhanced HIPC Initiative for the eligible LDCs and stress that debt relief should be additional to ODA. We urge all bilateral and multilateral creditors to take courageous debt relief measures, including total cancellation of all outstanding debt owed by LDCs, which continues to weigh heavily on public expenditure and discourages private investment in our countries.
- 5.3 Market access initiatives such as the Everything But Arms (EBA) initiative of the European Union and the African Growth and Opportunity Act (AGOA) of the United States, as well as other unilateral and bilateral preferential market access offers, can make a positive contribution in the fight against poverty in our countries. In this regard, it is important that the terms of AGOA be extended until 2008 and beyond in order for African LDCs to take advantage fully of that initiative. Nevertheless, remaining trade barriers, including tariff escalation and tariff peaks, as well as non-tariff barriers such as antidumping and other contingency measures against LDC exports and stringent rules of origin requirements, continue to hamper entry of LDC exports into markets of major trading partners. Concrete action is required to improve market access conditions for all our exports, including by reducing non-trade and non-tariff barriers and simplifying rules of origin. Action should also be taken to address the concerns of LDCs with regard to erosion of preferences resulting from further trade liberalization.
- 5.4 Improved market access offers should be supplemented by specific actions to address supply side problems of our countries. In this context, priority should be given to ensuring that more aid is targeted at productive sectors and economic infrastructure of LDCs. Further efforts are also needed to make operational the special and differential treatment accorded to LDCs in the Uruguay Round Agreements and other relevant Ministerial decisions.
- 5.5 Private domestic and foreign direct investments have become essential components of development finance. However, despite the adoption by our Governments of national policies and measures aimed at creating a favorable investment climate, the share of LDCs in total inflows of FDI as a whole remains extremely low (less than 1 per cent). Moreover, FDI flows have continued to be concentrated in only a few countries and only a few sectors. We reiterate our call to our development partners to adopt home

country policies and measures to promote and enhance flows of foreign direct investment and the transfer of technology to our countries.

6. *We note* that many of our countries have adopted or are in the process of adopting Poverty Reduction Strategy Papers (PRSPs) within their national development plans. It is essential that the PRSP be seen as a tool to deliver economic growth, and it should be rooted in a long-term national development strategy. Development-oriented poverty reduction strategies should place emphasis on ensuring and sustaining investment, export expansion and economic growth, and better income distribution, as well as policies to stimulate them. Similarly, appropriate macroeconomic policies need to be complemented with sectoral development policies and strategies, with special emphasis on agriculture and rural development. Accelerated economic growth and sustained development are therefore essential to achieve effective poverty reduction.

7. *We also note* with concern that the PRSPs will not achieve significant results unless development cooperation policy is substantially improved. A corresponding PRSP support strategy from our development partners is therefore essential to make the PRSP process truly fruitful. In this context, more attention should be paid to aid conditionality, particularly its effects on micro-management of development programmes. Aid will be more supportive of national objectives if it can be targeted at national priorities and channeled, *inter alia*, through national budget processes. There is a need for greater predictability in aid flows and also longer-term commitments. Enhancing the ongoing efforts for the implementation of commitments to untie aid is also a priority, because tied aid reduces the real value of aid to recipient countries.

8. *We emphasize* further the crucial importance of export diversification to our economies as a source of employment, income and foreign exchange. Domestic diversification efforts need to be supported by specific actions by the international community to address the productive capacity deficiencies of LDCs. The absence of international measures and policies to address the problems of low and unstable commodity prices is also a key missing link in the current international approach to the development and poverty reduction efforts of LDCs. We call on our development partners to develop international frameworks for commodities, identifying elements for a new international commodity policy including, where appropriate, establishment of a “Global Partnership for Commodities”. Concrete measures are required to mitigate the adverse consequences of excessive price instability and the long-term decline in world commodity prices for the socio-economic performance of our countries. These measures could include resuscitating compensatory financing, on a more user-friendly basis, to offset the effects of commodity price shocks on the economies of the LDCs.

9. Furthermore, the ongoing multilateral trade negotiations should take urgent action on the question of agricultural subsidies in industrialized countries and resolve, as expeditiously as possible, the problems arising from such subsidies, which are undermining development efforts and prospects in our countries. We appeal to all industrialized countries to make significant reductions in their agricultural subsidies, including the elimination of export subsidies as expeditiously as possible.

10. *We emphasize* strongly that both the market and the state have an important role to play in our development process, and it is essential to ensure that their respective roles are complementary and mutually supportive. An effective state is vital for building physical and human infrastructure, addressing market failures where they occur, and providing enabling macroeconomic conditions and a sound regulatory framework. It is essential that our

countries have policy flexibility and autonomy in designing and implementing market-friendly development policies and strategies.

11. *We recognize* that strengthening LDCs' capacity to participate in international trade and in the multilateral trading system should also be seen as an important component of international efforts to integrate LDCs into the multilateral trading system and into the global economy. We are strongly convinced that the integration of the LDCs into the multilateral trading system and into the global economy is a shared objective of the international community. Enhancing our capacity to participate effectively in the trade negotiations in the WTO makes an important contribution to the achievement of this objective. In this context, the Integrated Framework for Trade-related Technical Assistance for LDCs (IF) can make a critical contribution in LDCs if it effectively addresses the needs of LDCs, *inter alia* in respect of our institutional and policy-making capacities, our productive capacities and our supply-side constraints. We call upon the six core agencies participating in the IF and donor countries, as well as other IF stakeholders, to enhance their respective contributions in support of the development efforts of our countries, with maximum coordination and synergy and strong commitment. We also call for the full implementation of the Joint Integrated Technical Assistance Programme (JITAP) and its further expansion to cover more LDCs.

12. *We emphasize* that accession of LDCs that are not yet members of the WTO should be an integral part of international efforts to integrate our countries into the multilateral trading system on terms and conditions commensurate with the special socio-economic circumstances prevailing in our countries. Coordinated efforts should be made to facilitate the accession processes of LDCs through, *inter alia*, increased financial and technical assistance and harmonized accession procedures. In this context, we call upon our trading and development partners to faithfully and expeditiously implement the guideline on Accession of Least Developed Countries adopted by the General Council of the WTO.

13. *We also emphasize* that technical assistance and capacity building are critical parts of institution building and human resources development so as to improve the quality of policy design and implementation capacities of our countries. In this regard, we recognize the critical role of UNCTAD in implementing the Brussels Programme of Action in favour of the LDCs for the Decade 2001-2010 in the areas within its mandate and competence, including the important contribution of its *LDC Report* to national and global policy-making processes, as well as to consensus building at the global level on issues related to LDCs.

14. *We express* our deep appreciation to UNCTAD for its substantive, analytical and technical cooperation activities in support of LDCs and encourage it to pursue and strengthen these activities. In this regard, we reiterate our call to the Secretary-General of the United Nations, consistent with General Assembly resolution 56/227, to enhance the operational capacity of UNCTAD in its activities aimed at supporting LDCs.

15. *We commend* the research and policy analysis functions of UNCTAD, as reflected in its *Least Developed Countries Report*, which is the only publication within the United Nations system exclusively focusing on the development challenges, prospects and problems facing our countries. We strongly believe that the policy advice and recommendations of *LDC Reports* have been of paramount importance to our national policy-making efforts and in building global consensus on the international support measures required to address the multifaceted development problems confronting our countries. In this regard we acknowledge the critical contribution of the 2002 and 2004 *Reports*, which dealt respectively with "Escaping the Poverty Trap" and the link between "International Trade and Poverty Reduction" in our countries. We call upon the UNCTAD secretariat to continue these

praiseworthy functions to promote the interests of LDCs by regularly examining, among other things, the linkages between trade, economic growth, development and poverty reduction with a view to identifying long-term solutions to the challenges and problems facing LDCs.

16. *We are seriously* concerned by the declining level of resources of the UNCTAD LDC Trust Fund, and we urge our development partners and other countries in a position to do so to contribute generously to the Trust Fund US\$5 million annually, as agreed at UNCTAD IX and reiterated at UNCTAD X, so as to enable the UNCTAD secretariat to enhance its technical cooperation and capacity building activities in our countries.

17. *We stress* the need, as an urgent priority, to bridge the alarming and growing digital divide between our countries and the rest of the world, especially in the areas of information and communications technologies (ICTs). We call upon the international community to support the establishment and the funding of the Digital Solidarity Fund and to assist our efforts in building necessary technological infrastructure commensurate with the requirements of the digital economy, which requires, among other things, increased and effective financial and technical assistance from our development partners.

18. *We invite* UNCTAD, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, and relevant international organizations to continue to enhance their cooperation in order to support the LDCs in their development process.

19. *We strongly* recommend that the outcomes of UNCTAD XI in São Paulo, Brazil, address the special needs and interests of LDCs.

20. *We express* our sincere appreciation and gratitude to the people and Government of Brazil for their warm hospitality and for the excellent arrangements made for the organization of UNCTAD XI. We would also like to express our appreciation to the Secretary-General of UNCTAD, Mr. Rubens Ricupero, for his continued efforts to advance the cause of the least developed countries.

## Annex IV

### Ministerial Communiqué of Landlocked Developing Countries

We, the Ministers of Landlocked Developing Countries, having met in São Paulo on the occasion of UNCTAD XI,

*Recalling* the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, and the Almaty Ministerial Declaration endorsed by the UN General Assembly at its fifty-eighth session,<sup>12</sup>

*Recalling* the United Nations Millennium Declaration,<sup>13</sup>

*Recalling* General Assembly resolutions 56/180, 57/242 and 58/201 on the specific actions related to the particular needs and problems of landlocked developing countries,

*Recalling* also the Ministerial Communiqué of Trade Ministers of landlocked developing countries adopted at the Ministerial Meeting convened on the occasion of the WTO Ministerial Conference in Cancún, Mexico, in 2003,

1. *Recognize* that the seaborne and inland trade of landlocked developing countries unavoidably depends on transit to other countries and on their transit policies, enterprises and facilities. Additional border crossings and long distances from major markets substantially increase total expenditures on transport services, which erodes their competitive edge on the international market. Such a disadvantaged situation continues to lead to the further marginalization of landlocked developing countries from international trade and the world economy;
2. *Strongly stress* that excessive transport costs create a major effective barrier to foreign markets. The share of landlocked developing countries in international trade is on the decline. In view of this, the current negotiations on market access for agricultural and non-agricultural goods should give particular attention to products of special interest to landlocked developing countries. Landlocked developing countries should be granted special treatment in the World Trade Organization, taking into consideration their disadvantaged geographical location, which erodes their competitive edge. The WTO should make operational its work related to small and vulnerable economies. In this context, priority attention should be given to landlocked developing countries, which are doubly disadvantaged;
3. *Emphasize* the importance of trade facilitation measures for international trade. Priority attention should be given to the landlocked developing countries in implementing a technical assistance programme in the area of trade facilitation, as called for by the Doha Ministerial Declaration of the WTO;
4. *Undertake* to make joint efforts in international trade negotiations to secure greater market access for landlocked developing countries. In this regard, we agree to institutionalize a Ministerial Meeting of Trade Ministers of landlocked developing countries with a view to further revitalizing our concerted efforts in international trade negotiations;

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<sup>12</sup> See resolution 58/201.

<sup>13</sup> See resolution 55/2.

5. *Request* the Secretary-General of UNCTAD, in cooperation and consultation with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) and other relevant institutions, to facilitate the efforts of landlocked developing countries in organizing an expert group meeting for trade negotiators and officials of landlocked developing countries to assist them to assess the post-Cancún process and consolidate their strategies for further negotiations;
6. *Emphasize* the need for the full and effective implementation of the Almaty Programme of Action, the first ever UN programme of action tailored to addressing the special needs of landlocked developing countries. Specific actions that need to be undertaken should be vigorously pursued at the national, regional and international levels;
7. *Invite* the United Nations system organizations, particularly UNCTAD and the regional commissions, and other international organizations, especially the International Monetary Fund, the World Bank, the World Trade Organization and the World Customs Organization, to undertake measures to implement the Almaty Programme of Action. In accordance with its mandate given by the General Assembly in its resolution 56/227, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States is requested to enhance its work to provide coordinated and coherent follow-up activities. The Office of the High Representative should be equipped with adequate resources to effectively carry out its enhanced mandate given by the Almaty Conference;
8. *Commend* the continued efforts made by the Government of Paraguay as the coordinator of the Group of Landlocked Developing Countries in Geneva, in close coordination with the Lao People's Democratic Republic, Chairman of the Group in New York, on matters related to trade and development.

## Annex V

### Civil Society Forum Declaration to UNCTAD XI

1. The Civil Society Forum, meeting on the occasion of UNCTAD XI, represents social movements, pro-development groups, women's groups, trade unions, peasants' and agricultural organizations, environmental organizations, faith-based organizations, and fair trade organizations, among others, which express a variety of perspectives on trade, investment and competition and their impact on development. Nonetheless, the participants in this forum are united in the defence of a series of principles, positions and actions that they wish to present to the member States of the Conference.
2. The official document of this Conference declares that "globalization is a potentially significant and powerful force for growth and development". This type of globalization, however, does not reflect the process that we observe in reality. Moreover, this view is inconsistent with the analysis presented later in the document itself, which outlines the negative impact and the concentration of wealth that have resulted from the implementation of the neo-liberal agenda and globalization.
3. From our perspective as civil society, we view with concern the fact that the official document incorporates rhetoric describing inclusive and equitable globalization, but does not mention the relation between wars fought to appropriate resources for the benefit of transnational corporations. Nor does it recognize the fact that these wars deepen poverty and extend hunger and environmental degradation for millions of human beings.
4. At the same time, the document emphasizes the existence of "losers" among and within countries but does not mention unsustainable patterns of production and consumption. Nor does it mention the existence of the "winners", who are, in fact, the stockholders of transnational corporations and speculative finance capital, located primarily in the developed countries.
5. The official document emphasizes the role of foreign direct investment in national development, but the reality shows that the majority of foreign capital is not a complement to national savings in the medium term, but rather is one of the more obvious forms of resource transfer. The model of export-led growth promoted by transnational corporations does not lead to development but rather to impoverishment.
6. We are also concerned about the lack of reference to the impasse at Cancún that showed a new configuration of international political power and about the inclusion of issues that have already been rejected at the Fifth Ministerial Conference. We do not want to see UNCTAD abandon its independence and its role as a space for critical reflection, nor do we wish to see the institution used to operationalize WTO agreements. UNCTAD should confront and support the challenges of developing countries and countries in transition.
7. On the basis of these critical concerns, among others, about the official document, we wish to express to UNCTAD the following recommendations:
  - That financial blackmail, economic blockades, military intervention and illegal occupation by rich Governments on behalf of transnational corporations and investors be rejected;

- That external debt be definitively cancelled, that poor countries be freed immediately from this burden, and that transnational corporations be charged with their responsibilities for the more recent indebtedness now occurring;
- That nation States regain and/or retain their sovereign right to define domestic policies that do not affect other countries and that these policies be adequate to address national realities in dialogue and consensus with civil society;
- That international trade and the institutions and instruments linked to it comply with the principles enshrined in the Universal Declaration of Human Rights and with the instruments and conventions that emanate from relevant UN processes and the Millennium Development Goals;
- That UNCTAD participate actively in the creation and management of multilateral mechanisms designed to sustain and regulate markets for commodities, and in particular for agricultural products;
- That UNCTAD recognize and promote the right of every country or group of countries to food sovereignty and the right of countries to protect their economies and agriculture, including through tariffs and quantitative restrictions, the primary means of protection for poor countries. We believe that countries must unite to guarantee this right. It is in this important context that we support the dialogue and cooperation among the G-20 and the G-90;
- That transnational corporations be prohibited from taking legal action in reprisal for development policies or actions, and that they are made accountable and liable for their activities. This includes the legal right of citizens and communities to protect themselves against investors who violate their rights;
- That Governments assume an effective commitment to overcome gender, racial and ethnic inequality, to protect cultural diversity, and to prohibit discrimination based on sexual orientation in their development policies and policies designed to combat poverty;
- That social and economic rights and labour and trade union rights be guaranteed;
- That sovereignty over natural resources, commodities and biodiversity be guaranteed, that the transfer of technology be facilitated, and that the issuing of patents for living organisms and the commercialization of genetically modified organisms and medications be prohibited, in order that a truly sovereign, sustainable and equitable development be promoted;
- That fair trade practices be encouraged.

8. We believe that solidarity and unity among developing countries are crucial and we reject any attempts to undermine them. We are convinced that free trade does not distribute resources in an equitable fashion. A vibrant and participatory democracy based on the principle of economic cooperation in an environment of solidarity and peace will allow for a more just and equitable distribution of the wealth of nations and of peoples.

9. We are convinced that this better world is possible.



## Part Two

### Civil society, corporate globalization and the role of UNCTAD

#### *Summary*

10. The UNCTAD XI Civil Society Forum gathers together a diverse range of organizations, including social movements, development groups, women's groups, trade unions, peasant and farmer organizations, environmental organizations, faith-based groups and many others. It expresses a plurality of visions regarding trade and its impact on development. Nevertheless, participants in the Forum stand united in defence of several principles, perspectives and actions, which they wish to present to the member States at the UNCTAD XI Conference.

11. Our message is clear: we wish to see an invigorated UNCTAD emerge from UNCTAD XI, an UNCTAD capable of meeting, and committed to meeting, the sustainable development needs of the planet, social inclusion and gender equality, especially of its poorest and most disempowered people, particularly in developing countries.

12. Our statement is brief and concise: trade or increased financial flows can be the means to sustainable development, but they are not ends in themselves. The current trading system is benefiting multinational enterprises (MNEs) and is creating inequities internationally. UNCTAD was created precisely to elaborate and promote Southern development policies by creating a more equitable environment and enabling international economic growth. It must retain and build on this overarching mandate to further the debate on how to deliver a global trade system that benefits all people and protects the environment.

#### *Introduction*

13. Forced trade liberalization is having real and diverse negative impacts on the day-to-day lives of millions of people and their environment, especially women in all regions of the world. Inequality – both between and within countries – is increasing, and millions are unable to meet even their most basic needs. Democracy is being eroded as Governments renounce or are made to renounce their right to regulate domestically in exchange for the chance to increase market access. The profits then increasingly go to companies and their owners, rather than countries and their citizens.

14. Critically, the North's global consumption patterns are a threat to global natural resources and use the resources of the global South at rock-bottom prices. The North has therefore incurred an ecological debt to the South. Nevertheless, it is still those impoverished countries in the South that find themselves compelled to export more and more in order to pay off their ever-increasing financial debts. Ironically, this exacerbates the surplus in already oversupplied world markets, falling commodity prices and decreasing returns on Southern exports. These worsening terms of trade make it ever more difficult for the South to pay its debts. Moreover, they raise questions about the market-access paradigm that UNCTAD keeps on "challenging" in its reports.

15. At the same time, the European Union and the United States, in a remarkable display of double standards, dump heavily subsidized farm exports onto world markets, destroying rural livelihoods in developing countries. Stopping the dumping of commodities and eliminating the consequent damage that such dumping inflicts on small farmers and producers worldwide have now rightly become the litmus test for whether poor countries can

obtain any justice from the WTO. Rich world hypocrisy does not stop there. The industrialized countries still maintain high protectionist barriers against goods produced by developing countries. Furthermore, under the cover of trade liberalization, countries with strong corporate interests are encouraging the commercialization of services through regional and multilateral trade agreements at the behest of MNEs. The consequent loss in terms of accessing these services, including basic services, is bound to have a devastating impact on the life and dignity of women.

16. Other trading problems faced by developing countries and countries in transition, such as the deterioration of exchange rates and the corporate-driven trade liberalization policies adopted by rich countries, contribute to their debt problem. In addition, when payments are made, precious national resources that could be spent on developing fair and sustainable economies and societies are channelled back to the rich North. In other words, the international status quo is impeding sustainable development, income generation and poverty eradication.

17. Furthermore, people who are deprived of the right to determine their own development path; people who cannot meet together freely and make democratic decisions; women and indigenous peoples who are excluded from the decision-making mechanisms (including decisions about resource allocation) in their society; people who are forced to destroy their own and the planet's natural resources; workers who cannot bargain for their own wages and working conditions – all of these people are excluded from participating in or benefiting from sustainable development.

18. It is clear that current trade rules and trade policies – whether established or imposed by intergovernmental organizations or powerful Governments – are an obstacle to fair and sustainable development and must be made subservient to those rights – individual and collective – which the peoples of the world have established in the United Nations during the last century. In other words, alternative approaches and paradigms to the management of trade – national, regional and international – are essential.

19. It is not true that “there is no alternative” to the present model of economic globalization. The inappropriate “one-size-fits-all” neo-liberal mentality needs to be replaced by diverse and participatory economic systems that are flexible, fair and sustainable and are about more than money, profits and growth.

20. Just and sustainable societies require national and international policies that prioritize and protect equity, democracy and diversity, human rights, labour rights, ecology, food sovereignty and sustainable production and consumption. Healthy local economies are at the heart of sustainable societies and as such need to be encouraged, supported and strengthened in the North and the South.

21. At the same time, global governance systems need to be refocused. Reducing the scope and influence of the World Trade Organization, especially on non-trade issues, is a critical first step in this rebalancing process. So too are the introduction of binding multilateral legislation to make transnational corporations accountable and liable for their activities, and the development of effective multilateral institutions and legislation – within the United Nations – that will ensure social well-being, environmental protection and the subordination of trade policies to multilateral social and environmental agreements/standards.

22. In particular, active steps must be taken to stop trade in human beings, such as trafficking in women and children. Millions of children are subjected to forced labour, sexual exploitation and selling of human organs.

23. We attach great importance to the objective of building a new, fair and just international trade system, and changing the basis and the decision-making process of the key instruments and institutions of global economic and political governance, namely the Bretton Woods institutions, the WTO and the United Nations (especially the UN Security Council). Democratization of these bodies (especially of the Bretton Woods institutions and the WTO) will go some way towards more human, people-centred and sustainable development policies.

### ***Proposals***

#### ***Global governance and coherence***

24. The issue of coherence is critically important. The Bretton Woods institutions and the most powerful member States within the WTO currently consider coherence to be the harmonization of national policies so that these do not conflict with the prevailing international neo-liberal economic order. As a result, a vicious circle has developed. The Bretton Woods institutions and the G-8, which claim to be committed to relieving the rigours of structural adjustment (including trade liberalization) based on the Washington Consensus, are simultaneously pushing developing countries and countries in transition to reform their economies so that they conform with the same corporate-driven model.

25. However, for civil society organizations, coherence means something quite different: the international economic order must be made subservient to sustainable development, addressing the needs of all people but especially of the groups most affected by corporate-driven globalization. The outcomes of UNCTAD XI must contribute to this. UNCTAD's central role in dealing with general themes that affect development, including coherence, must be revived, in particular as regards the role of UNCTAD concerning matters relating to agriculture.

26. Such coherence is the intention expressed by UNCTAD's Secretary-General; and civil society gathered here believes that UNCTAD XI could be a valuable opportunity to initiate an effort in that direction. The themes suggested by the Secretary-General are very opportune and many of them relate to crucial issues. There is, however, a lot to be done.

#### ***Policy space and unequal first steps***

27. The "one-size-fits-all" approach to economic policy-making does not work. The roads to sustainable development are not the same for everyone. This is most evidently true in the case of trade and investment liberalization, and intellectual property rules.

28. Developed countries have followed a path very different from that which they now prescribe for developing countries and countries in transition, namely structural adjustment programmes, poverty reduction strategy programmes, and/or unconditional opening of markets.

29. The progressive diminution of development policy options, under the weight of international treaties and contractual obligations to global financial institutions, has contributed to the deterioration in the development performance of a large number of developing countries and countries in transition over several decades. At the same time, however, blaming the victims of these policies for their failures has become the received wisdom in the development policy establishment.

30. By agreeing to establish a programme of work to analyse the implications of shrinking development policy space and promoting an examination of alternative sustainable

development policies and strategies, UNCTAD XI can help developing countries and countries in transition meet the challenges of designing national policies consistent with their stages of development and capacities to implement them. UNCTAD should confirm that developing countries have policy space to pursue their development strategies and to implement human rights, including the right to food sovereignty. If there are international agreements which conflict with this policy, such agreements should be considered invalid.

***The collapse of the commodity economy***

31. As the largest single source of employment, incomes, public revenue and foreign exchange in many low-income countries, particularly in Africa and LDCs, the commodity sector is a major determinant of current growth and of prospective development. Its near disappearance from the global development agenda, including that of UNCTAD XI, owes much to the laissez-faire view that the sector's performance reflects the functioning of the markets and that, over time, the affected farmers, producers and economies should adjust and become more efficient.

32. MNEs dominate many commodity markets and are increasingly grabbing a lion's share of added value in the product chain. They are interested in destroying market regulatory policies and supply management so that free-market forces can freely drive up production and cause oversupply, lowering prices and maximizing profits. The return to developing countries from the global coffee business, for example, has fallen from one third to one tenth over the last decade. At the same time, the World Bank and the IMF have been pressuring developing countries to go for export-led growth, without telling them what would happen if they all exported the same commodity. Those countries that have defied these institutions have been subjected to economic blockades as well as military aggression. While this aggression continues, many developed countries continue to maintain huge subsidies for their farm exports, increasing dumping margins still further.

33. Income instability and long-term decline arise from all of these factors. These all warrant global policy responses addressing problems caused by market failure. Accordingly, UNCTAD XI should involve itself actively in the creation and management of multilateral mechanisms to regulate and support international markets for agricultural products.

***Need for independent research and policy formulation and integrating policy into action***

34. A lot of lip service is paid to the role of UNCTAD as regards its research linking development and different aspects of international economy. In practice, pressures are generated to narrow the role of the institution to technical cooperation and other operational work. OECD countries consider that there is enough analysis around and that it is better done in other places, and seem opposed to UNCTAD's role in policy formulation and advice.

35. This is a tragic mistake. The experience of the last 10 years shows that the dominant theories have not prevented major financial crises but have in fact exacerbated them. For the second time in a very short period, a WTO Ministerial Conference has failed. Internal and external evaluations have shown that IMF and World Bank policy on debt and adjustment has failed to reach the targets they had set themselves. Independent research and policy formulation, which critique rather than accept the dominant economic model, and propose alternatives, are becoming ever more important. UNCTAD has a critical role to play in providing analysis and advice in this respect, and its mandate to do so must be reinforced. In this context, we would urge UNCTAD to integrate its analysis into policy advice and actions, especially in the area of market access.

***Partnerships that work and partnerships that do not***

36. The texts that have been prepared for UNCTAD XI frequently refer to partnerships – between Governments and civil society; between intergovernmental organizations; and between Governments and private sector companies, especially MNEs. We value partnership, but partnership can exist only on the basis of mutual respect and common objectives for more equitable sharing of benefits from trade and investment. Governments and intergovernmental organizations borrow their powers and sovereign rights from civil society and are therefore obliged to operate in partnership. Some MNEs, on the other hand, appear to have a different concept of partnership, one in which they have rights and Governments and civil society have responsibilities and costs. These are not partnerships based on mutuality. On this basis we appeal to UNCTAD XI to call for mutuality in all references to partnerships and ensure that producers, workers, consumers and other civil society organizations participate on an equal footing with the private sector. Partnerships must not mean the privatization of government responsibilities.

37. MNEs hold vast economic and political power, yet since the closure of the UN Centre on Transnational Corporations, there is no intergovernmental organization that examines their role in a comprehensive way. UNCTAD should therefore prioritize policy work on MNEs and their regulation. Analytical studies should be combined with the promotion of corporate social responsibility, accountability and liability. UNCTAD can help ensure that the development dimension is adequately addressed in all voluntary and regulatory initiatives. To this end, it could foster discussion between developing country Governments, other UN agencies, business, unions and NGOs. UNCTAD should support internationally agreed policies such as the UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises and the Recommendations of the World Summit on Sustainable Development with regard to human rights. Providing practical assistance to developing countries and countries in transition and their regional associations in negotiating with MNEs is also important.

***Bangkok Plan of Action***

38. UNCTAD X's Bangkok Plan of Action did not reflect civil society organizations' hope for a stronger role for UNCTAD and the UN in international social, environmental and economic policy-making. Nevertheless, in the run-up to UNCTAD XI, civil society movements believe that the Bangkok Plan does at least provide a starting point to further strengthen and improve UNCTAD's role and mandate. Further weakening of the four-year-old compromise text is unacceptable and would further delegitimize the current system of global economic governance. On the contrary, UNCTAD's mandate should be enhanced.

***Leadership and management of UNCTAD***

39. Safeguarding and strengthening UNCTAD's mandate to deal with the interdependent issues of trade, money, finance, technology transfers and development in an integrated manner are critically dependent on the quality and management of its leadership. In the light of the impending changes in the leadership of UNCTAD, this Civil Society Forum urges the Secretary-General of the United Nations and member States to exercise the greatest care and transparency in the selection of UNCTAD's new management. As a key stakeholder concerned with UNCTAD's future, civil society expects to be closely involved with and consulted in decisions concerning the institution's future management.

***UNCTAD and transparency***

40. In the current context, where unilateralism works against the democratization of the international system, we urge UNCTAD to be transparent and to engage in dialogue on a permanent basis with civil society organizations throughout the world. An invigorated UNCTAD is necessarily one that is close to people worldwide who are seeking social and economic justice.

***Summary of specific recommendations from the Civil Society Forum for UNCTAD XI***

41. UNCTAD should become the multilateral space for critical evaluation of the impact of liberalization policies. It should assist Governments in designing and implementing policies to regulate markets with the aim of making a positive impact on the livelihood of people and the environment.

- (a) UNCTAD XI must be based on a radically different form of “coherence”: a reorientation and integration of policies that ensures that the international economic order is adjusted to meet the development needs of the groups most affected by corporate-driven globalization. UNCTAD’s central role in dealing with general themes that affect development, including coherence, must be revived. Civil society expects Governments to reinforce UNCTAD as an independent and analytical institution vis-à-vis the liberal consensus and should empower it to fulfil this role.
- (b) UNCTAD XI must help developing countries and countries in transition meet the challenges of designing national policies consistent with their stages of development and capacity to implement them, by agreeing to establish a programme of work to analyse the implications of shrinking development policy space and promoting an examination of alternative development policies and strategies.
- (c) UNCTAD must help developing countries:
  - (i) To develop policy options to reverse the worldwide collapse of commodity prices through mechanisms such as commodity agreements;
  - (ii) To devise mechanisms which regulate the behaviour of enterprises involved in the marketing of commodities, and of groups that have a key influence on the price of commodities, on the marketing conditions of products and on the remuneration of producers but are not subject to international regulation;
  - (iii) To strengthen multilateral rules/procedures and national mechanisms such as tariffs to prevent the import of (dumped) commodities from the North that dislocate local markets, threaten food security, and so forth;
  - (iv) To dismantle trade policies based on the paradigm of market access.
- (d) UNCTAD should recognize and promote the right of every country or group of countries to food sovereignty and to protect their economy and agriculture, including through tariffs and quantitative restrictions, the only means of protection for poor countries.
- (e) UNCTAD should strengthen its capacity-building programmes with respect to small producers and promote alternative developmental models.
- (f) UNCTAD has a critical role to play in providing independent research, analysis and advice that critique rather than accept the dominant economic model, and propose

alternatives. Its mandate to do this must be maintained. UNCTAD should be one of several UN organizations involved in reviewing the Uruguay Round of trade negotiations, together with civil society.

- (g) UNCTAD XI should agree to initiate a major programme of work designed to find national and international solutions to the challenges posed by the commodities sector.
- (h) UNCTAD XI should call for mutuality in all references to partnerships and stress that the latter must not replace government responsibilities and multilateral decision-making. UNCTAD XI should mandate research and policy work on regulation of MNEs promoting accountability and liability and in the area of progressive taxation. Providing assistance to developing countries and countries in transition in negotiating with MNEs is also important. The proposed international task force on commodities is an important initiative, provided that a balance is struck amongst all stakeholders.
- (i) The UN Secretary-General must exercise the greatest care and transparency in the selection of UNCTAD's new management, choosing people who have a proven commitment to sustainable development and public participation and who can offer a needed challenge to prevailing orthodoxies.

## Annex VI

### **Declaration adopted by the Parliamentary Meeting on the occasion of UNCTAD XI**

*Adopted by consensus on 12 June 2004*

1. We, members of parliament elected by our peoples to represent them, are meeting in São Paulo on the occasion of UNCTAD XI, commemorating 40 years of international cooperation in the field of trade and development. The challenges facing UNCTAD XI are of transcendental importance and urgency. The poverty and underdevelopment which affect millions in the developing world exact a heavy toll in suffering and deprivation. Some developing countries are making significant progress towards meeting the United Nations Millennium Development Goals by 2015, but many are not on track to do so.

2. While the interests of developing countries are increasingly taken into account in international trade negotiations and their share of international trade has grown, the majority of them are faced with problems in many areas, which blights their development prospects. Clearly, if they wish to promote growth and development, developing countries must in their own self-interest accept greater responsibility and rely more on their own resources, for example by adopting appropriate public policies so as to play an active role in promoting their own growth and development rather than being victims of globalization.

3. States have made significant progress in pursuing appropriate public policies, even in difficult economic circumstances, by enshrining good governance under the rule of law through free and fair electoral processes, gender equality, an impartial judiciary and anti-corruption measures. This is work in progress.

#### ***Development strategies in a globalizing world economy***

4. Four years ago, UNCTAD X adopted the Bangkok Plan of Action, largely considered to be a road map to managing globalization. Ambitious goals and targets were also set out by the United Nations Millennium Declaration. Several other major international conferences on questions of sustainable development, including development financing, have undertaken commitments to overcome poverty and underdevelopment. Promises made should be promises kept. Yet today, these objectives remain ever more elusive, and the problem has been compounded by globalized uncertainty and growing insecurity.

5. UNCTAD enjoys the trust of developing countries because of its independence and its unambiguous commitment to development. It is thus particularly effective in providing macro-economic analysis and policy advice, and as an implementing agency for technical assistance programmes. We encourage UNCTAD to focus its future work on its areas of strength and comparative advantage, and therefore to give priority to these areas. Donor countries should provide extrabudgetary funding to UNCTAD for this work.

6. Developing countries have special constraints and fewer mechanisms at their disposal for adjustment and transformation. Most of them have specific endowments, infrastructure, skills and technology. Individually and jointly, these factors influence the structure of their economies, trading patterns and access to capital. Moreover, their integration into the world



economy occurs in varying degrees and at different speeds and levels as a result of a combination of subregional, regional, interregional and international factors.

7. Policy coherence and policy space are overall organizing themes for UNCTAD XI. We concur that it is indispensable to ensure coherence between the Bangkok Plan of Action and the future work programme for the intergovernmental machinery of UNCTAD. Coherence among the public sector policies and programmes pursued by bilateral, regional and multilateral economic institutions is even more important.

8. Globalization involves extensive integration among national economies. The adoption of international rules places limits on discretionary public policy formulation at the national level. It is urgent for Governments acting nationally and internationally to strike the right balance between the two, ensuring that development strategies are nationally owned and that they converge with international rules in order to generate jobs, growth and overall development. The issue of national policy space for developing countries requires further serious consideration.

### ***Building productive capacity and international competitiveness***

9. The productive capacities of any country reside in its citizens' ability to work within a clear regulatory framework and with effective state institutions that pursue appropriate national public policies aimed at achieving endogenous sustainable development. We are convinced that unemployment and poor social protection stand out as the main causes and effects of the growing gaps between groups of citizens, both within and among States. The commitment to full employment in decent conditions of work must be the centrepiece of all social policies and programmes, which are essential in the fight against poverty.

10. The productive capacities of developing countries are undermined *inter alia* by a lack of technology, finance and support institutions. The application of information and communication technologies in production processes has increased productivity and is playing a pivotal role in the transition to economies based on knowledge rather than the transformation of materials. Programmes that build capacity by focusing on skills, basic education and the strengthening of institutions are essential to overcome supply side constraints and underdevelopment.

11. It is essential to ensure full participation by women and young people through formal education and civic and community activities. The need for each country to have strong, diverse and pluralistic national mass media accessible to the poor cannot be overstated. The implementation of these measures must take into account diverse national and regional sensitivities and be based on a recognition of the fact that reforms cannot be micro-managed from a distance by non-accountable institutions.

12. National productive capacities are easily undermined when supportive regional and international financing arrangements are not available, both in normal times and in emergencies. In its present configuration, the international financial and monetary system has proven itself to be incapable of financing short-term liquidity crises, cushioning commodity price fluctuations, recycling surpluses, resolving the endemic debt crisis and funding the public sector capital goods and services that are desperately needed in developing countries.

13. The private sector has an essential contribution to make to development. We recommend that all countries strengthen the economic and legal conditions that allow for

private investment. All private companies must adhere to national laws and assume corporate social responsibility.

***Assuring development gains from the international trading system and trade negotiations***

14. There can be no development gains from the international trading system unless there are fair terms and conditions for trading in agricultural commodities. It is therefore urgent to achieve progress in the current multilateral negotiations. States must commit themselves to bringing to an end all agricultural policies contributing to impoverishment and underdevelopment. They must reaffirm their commitment to the Doha Ministerial Declaration, set a clear timetable for phasing out all forms of export and trade-distorting production subsidies, and agree on substantial improvements in market access, allowing for special and differential treatment as an essential element, for example in support of food security. We invite WTO Members to commit themselves to dealing with these issues through means that do not distort trade, and call on UNCTAD XI to address the concerns expressed in this paragraph in its outcome document.

15. Given UNCTAD's supportive role in the functioning of the open multilateral trading system, we call for its resources to be put to the best use possible so as to orient international trade, finance, environmental activities, transport and technology to meet overall development needs, and in particular those of the least developed, small island and landlocked States. UNCTAD can provide an open forum for the discussion of subjects that for the time being are stumbling blocks to the negotiation of binding WTO agreements.

16. We are convinced that binding commitments serve the interests of all partners in negotiation. Common and shared sets of principles, norms and rules are in every country's interest. At the same time, we believe that WTO agreements should be openly negotiated and freely accepted. The exceptions and special measures that are integral parts of the agreements must be clearly spelled out and fully honoured, in particular those that are of prime importance to developing countries, some of which allege that WTO's present agenda and functioning is inimical to their growth prospects and hence their development.

17. As prerequisites for measuring progress, there must be reliable data and a proper methodology with which to make qualitative observations and formulate sound policy. During multilateral negotiation rounds, the World Bank and WTO claim that liberalization will result in massive welfare gains. Such claims should be disaggregated so that each developing country can measure its own net welfare gains in decent jobs created. UNCTAD's 40 years in the field of trade and development should help in responding to these expectations. The proposal for development benchmarks may serve that purpose.

18. Following the extension of trade rules and disciplines to new areas, the standard by which countries measured their net benefit from an exchange of goods, known as "the terms of trade", has disappeared from serious analysis on trade and development. We call on UNCTAD to coordinate a conceptual and empirical study in this regard, with due attention to differing conclusions concerning globalization and its impact on the poor.

19. We support UNCTAD's efforts to help developing countries become better equipped for WTO negotiations. At the same time, we insist that the same binding effect that applies to other tariff, non-tariff and rules-based commitments should apply as well to commitments in respect of technical assistance and capacity-building. Developing countries that have to adhere to binding rules and disciplines in the WTO should be provided with the necessary and sufficient "after-sales service and technical support", in particular through the WTO

dispute settlement mechanism. Only in this way can there be a genuine balance of benefits from the “single undertaking” in WTO.

### ***Open regionalism and South-South cooperation***

20. Calls for “fair globalization” will not have any real meaning if the creative temper of the vast majority of human beings remains cut off from interaction, except through the agency of third parties. Convinced that measures for South-South cooperation have so far been tentative and extremely insufficient, we call on developing countries to take bold steps to complement the well-traversed channels of North-South dialogue and arrangements. We also call on UNCTAD to design and implement appropriate policies and programmes in support of economic and technical cooperation among developing countries.

21. As integration into ever-widening circles of production and consumption accelerates, the importance of factors external to the domestic market increases. A policy of regionalism based on the opening of markets enhances international competitiveness, increases national welfare and sustains integration. Timely analysis of international trends and prudent policy responses will help ensure that the integration and adjustment processes operate in tandem. We believe in this regard that UNCTAD’s intergovernmental machinery should continue providing a valuable forum for the consideration of comparative experiences, and that UNCTAD should work more closely with other international institutions, in particular with regional integration arrangements and free trade areas.

### ***Partnerships and the role of parliaments***

22. Coherence between national development strategies and global economic processes – the theme for UNCTAD XI – can greatly benefit from parliamentary involvement. Parliaments have important national responsibilities in relation to the formulation and implementation of development policies and strategies. Parliaments and their members also address today’s global issues, and can help bring coherence to them as well. Moreover, they inherently have an understanding of the linkages between people’s lives, security and well-being and trade and development. There is then every sense in strengthening cooperation between UNCTAD and national parliaments through the Inter-Parliamentary Union, as mandated by the Millennium Declaration.

23. We therefore welcome the fact that the UNCTAD XI draft outcome document recognizes the importance of the role of parliaments in support of international cooperation for development. We invite the Inter-Parliamentary Union, together with other relevant international and regional parliamentary assemblies, to mobilize parliamentary involvement in the follow-up activities. We urge the Inter-Parliamentary Union to continue to provide the interface between parliaments and UNCTAD, specifically through the mutual exchange of information and capacity-building measures in the areas of policy space and coherence in national and international policy-making.

## **Annex VII**

### **List of events**

#### **Pre-Conference and opening events**

Hearing with Civil Society and the Private Sector (Geneva, 16 January 2004)

Hearing with Civil Society and the Private Sector (Geneva, 23 February 2004)

High-Level International Meeting of Experts on Sustainable Tourism for Development (Lisbon, 8–11 March 2004)

Hearing with Civil Society and the Private Sector (Geneva, 22 April 2004)

Rio Trade Week (Rio de Janeiro, 13–18 June 2004)

Special Ministerial Meeting to Commemorate the Fortieth Anniversary of the Establishment of the Group of 77 (11–12 June 2004)

Ministerial Meeting of Least Developed Countries (13 June 2004)

Ministerial Meeting of Landlocked Developing Countries (13 June 2004)

Inter-Parliamentary Union Meeting (11–12 June 2004)

Civil Society Forum (11–17 June 2004)

#### **Conference events**

High-level Panel on Creative Industries and Development (UNCTAD/ILO/ITC/UNESCO) (13 June 2004)

High-level Segment on the New Geography of Trade: South-South Cooperation in an Increasingly Interdependent World (14 June 2004)

High-level Round Table: The Developmental Perspective on the Relationship between Trade and Poverty (14 June 2004)

#### ***Interactive thematic sessions***

Economic Development and Capital Accumulation – Recent Experience and Policy Implications (14 June 2004)

Building Productive Capacity – The Key to Benefiting from Globalization: Leveraging FDI for Export Competitiveness (15 June 2004)

Building Productive Capacity – The Key to Benefiting from Globalization: Building Competitive Export Capacity of Developing Country Firms (15 June 2004)

Assuring Development Gains from the International Trading System and Trade Negotiations (16 June 2004)

Policy Options and Strategies to Support Developing Countries' Competitiveness in the Most Dynamic Sectors of International Trade (16 June 2004)

Partnership for Development – Information and Knowledge for Development: ICT as an Enabler for Growth, Development and Competitiveness – Implications for National and International Policies and Actions (17 June 2004)

Partnership for Development – Information and Knowledge for Development: Trade and Transport Facilitation – Building a Secure and Efficient Environment for Trade (17 June 2004)

Partnership for Development – Information and Knowledge for Development: A Partnership for Training, Distance Learning and Networking (17 June 2004)

### **Parallel events**

Round Table on Trade and Gender (15 June 2004)

High-level Panel on Innovative Approaches to Financing For Development (UNDESA) (15 June 2004)

High-level Panel on Trade and Development Strategies for LDCs (17 June 2004)

Workshop on Alternative Economic Strategies for Latin America (12 June 2004)

FAO Symposium on the Role of Agriculture in Development (13 June 2004)

Role of Competition Policy in Promoting Competitiveness and Development (14 June 2004)

Round Table on Harnessing Emerging Technologies to Meet the Millennium Development Goals (14 June 2004)

Investment Advisory Council (IAC) Meeting (UNCTAD/ICC/Global Compact) (14 June 2004)

Round Table on Corporate Transparency and Investment (14 June 2004)

Dialogue Forum: Partnership for Development – The Role of German Business (14 June 2004)

International Cities Forum (URBIS) (14-18 June 2004)

UNCTAD/UNDP Global Programme: Using Competitiveness and Social Efficiency for Sustainable Human Development – Experiences in Bolivia, Morocco, Senegal and Viet Nam (15 June 2004)

Forum on International Trade and Tourism (15 June 2004)

World Association of Investment Promotion Agencies (WAIPA): Annual Conference (15–16 June 2004)

Interactive Panel Discussion: Commodities, Poverty Alleviation and Sustainable Development (15 June 2004)

Biotrade Initiative: Trade and Biodiversity Partnerships (15 June 2004)

Cities: Engines of Economic Development (URBIS/HABITAT) (15–18 June 2004)

Building for Partnerships: The Helsinki Process on Globalization and Democracy (15 June 2004)

Implementing the World Summit on the Information Society (WSIS) Plan of Action: Issues for Trade and Development (UNCTAD/UN ICT Task Force) (16 June 2004)

Round Table of Executive Secretaries of the United Nations Regional Commissions: Bilateralism and Regionalism in the Aftermath of Cancún – Re-establishing the Primacy of Multilateralism (16 June 2004)

WAIPA/EMPRETEC Joint Workshop: Promoting TNC-SME Linkages – Approaches from Investment Promotion Agencies and BDS Providers (16 June 2004)

Meeting of Trade Points of the Americas (16–17 June 2004)

Workshop on Accountancy and New Initiatives (16 June 2004)

EMPRETEC/SEBRAE Round Table: Best Practices in the Promotion of Clusters and Global Value Chains (16 June 2004)

Trade-related E-Finance for Small and Medium-size Enterprises (16 June 2004)

Tropical Timber Trade and Development Dialogue: Is Tropical Timber Trade Contributing to Sustainable Development? (ITTO) (16 June 2004)

Special Session at Ministerial Level of the Committee of Participants of the Global System of Trade Preferences among Developing Countries (GSTP) (16 June 2004)

Forum on Assessment of Trade in Services and Development Gains (17 June 2004)

Tobacco-free Initiative (WHO) (17 June 2004)

Intellectual Property Rights: Challenges for Development (ICTSD/UNAIDS) (17 June 2004)

Law Reform and Trade Facilitation: The Work of UNCITRAL (17 June 2004)

Panel Discussion on Making Global Trade Work for the Poor (UNDP) (17 June 2004)

Interactive Debate on Building Business Competitiveness (ITC) (17 June 2004)

Round Table on Promoting Trade for Sustainable Development (17 June 2004)

Seminar on International Trade in Genetically Modified Organisms: Trends and Capacity-building Needs (18 June 2004)

ASYCUDA Presentation (18 June 2004)

JITAP: Capacity Building in Assuring Development Gains from the Multilateral Trading System (18 June 2004)

### **Exhibitions and fairs**

Competitiveness Tools Fair (ITC) (14–18 June 2004)

Technology Fair of the Future (UNIDO/UNCTAD) (14–18 June 2004)

Space Brazil – Opportunities for Investment and Business (14–18 June 2004)

FISPAL (15–18 June 2004)

## Annex VIII

### ATTENDANCE

1. The following States members of UNCTAD were represented at the Conference:

Afghanistan	Denmark
Algeria	Djibouti
Angola	Dominican Republic
Argentina	Ecuador
Armenia	Egypt
Australia	El Salvador
Austria	Estonia
Bahrain	Ethiopia
Bangladesh	Finland
Barbados	France
Belarus	Gabon
Belgium	Gambia
Benin	Germany
Bhutan	Ghana
Bolivia	Greece
Botswana	Guatemala
Brazil	Guinea
Brunei Darussalam	Guinea-Bissau
Bulgaria	Guyana
Burkina Faso	Haiti
Burundi	Holy See
Cambodia	Hungary
Cameroon	Iceland
Canada	India
Cape Verde	Indonesia
Central African Republic	Iran (Islamic Republic of)
Chad	Iraq
Chile	Ireland
China	Israel
Colombia	Italy
Comoros	Jamaica
Congo	Japan
Costa Rica	Jordan
Côte d'Ivoire	Kazakhstan
Croatia	Kenya
Cuba	Kuwait
Cyprus	Lao People's Democratic Republic
Czech Republic	Latvia
Democratic Republic of the Congo	Lebanon
Democratic People's Republic of Korea	

Lesotho	Sao Tome and Principe
Libyan Arab Jamahiriya	Saudi Arabia
Lithuania	Senegal
Luxembourg	Serbia and Montenegro
Madagascar	Sierra Leone
Malawi	Singapore
Malaysia	Slovakia
Maldives	Slovenia
Mali	Somalia
Malta	South Africa
Mauritania	Spain
Mauritius	Sri Lanka
Mexico	Sudan
Mongolia	Suriname
Morocco	Swaziland
Mozambique	Sweden
Myanmar	Switzerland
Namibia	Syrian Arab Republic
Nepal	Thailand
Netherlands	Togo
New Zealand	Trinidad and Tobago
Nicaragua	Tunisia
Niger	Turkey
Nigeria	Tuvalu
Norway	Uganda
Oman	Ukraine
Pakistan	United Arab Emirates
Panama	United Kingdom of Great Britain and Northern Ireland
Paraguay	United Republic of Tanzania
Peru	United States of America
Philippines	Uruguay
Poland	Vanuatu
Portugal	Venezuela
Qatar	Viet Nam
Republic of Korea	Yemen
Republic of Moldova	Zambia
Romania	Zimbabwe
Russian Federation	
Rwanda	



2. Palestine was represented as an observer at the Conference.
3. The following intergovernmental organizations were represented at the Conference:

African, Caribbean and Pacific Group of States

*African Union*

Andean Development Corporation  
Asian Development Bank  
Caribbean Community  
Cocoa Producers' Alliance  
Common Fund for Commodities  
Common Market for Eastern and Southern Africa  
Commonwealth Secretariat  
Economic Community of West African States  
European Community  
European Free Trade Association  
Inter-American Development Bank  
International Cotton Advisory Committee  
International Jute Study Group  
Inter-Parliamentary Union  
Islamic Development Bank  
International Textiles and Clothing Bureau  
Latin American Integration Association  
League of Arab States  
Organization for Economic Co-Operation and Development  
Organisation internationale de la francophonie  
South Centre  
West African Economic and Monetary Union  
World Customs Organization  
World Tourism Organization

4. The following specially invited intergovernmental organization was represented at the Conference:

Agency for International Trade Information and Cooperation

5. The following United Nations organs, bodies and programmes were represented at the Conference:

Department of Economic and Social Affairs  
Economic Commission for Africa  
Economic Commission for Europe  
Economic Commission for Latin American and the Caribbean  
Economic and Social Commission for Asia and the Pacific  
Economic and Social Commission for Western Asia  
Executive Office of the Secretary-General  
General Assembly  
Office of the United Nations High Commissioner for Human Rights  
Joint United Nations Programme on HIV/AIDS

Office of the High Representative for the Least Developed Countries, Landlocked  
Developing Countries and Small Island Developing States  
United Nations Capital Development Fund  
United Nations Commission on International Trade Law  
United Nations Development Fund for Women  
United Nations Development Programme  
United Nations Environment Programme  
United Nations Fund for International Partnerships  
United Nations Human Settlements Programme  
United Nations Millennium Development Goals Campaign  
United Nations Non-Governmental Liaison Service  
United Nations Security Coordination  
International Trade Centre UNCTAD/WTO

6. The following specialized agencies and related organizations were represented at the Conference:

Food and Agriculture Organization of the United Nations  
International Labour Organization  
International Monetary Fund  
International Telecommunications Union  
United Nations Educational, Scientific and Cultural Organization  
United Nations Industrial Development Organization  
World Bank  
World Intellectual Property Organization  
World Trade Organization

7. The following non-governmental organizations with status with UNCTAD were represented at the Conference:

### **General Category**

Action Aid  
Consumers International (CI)  
China Society for Promotion Of Guangcai Programme (CSPGP)  
Focus on Global South  
Institute for Agriculture and Trade Policy (IATP)  
International Center for Trade and Sustainable Development (ICTSD)  
International Cooperation for Development and Solidarity (CIDSE)  
International Chamber of Commerce (ICC)  
International Coalition for Development Action (ICDA)  
International Confederation of Free Trade Unions (ICFTU)  
International Federation of Agricultural Producers (IFAP)  
International Law Association (ILA)  
Lutheran World Federation (LWF)  
Oxfam International (OI)  
Public Services International (PSI)  
Third World Network (TWN)  
Women's International League for Peace and Freedom (WILPF)

World Confederation of Labour (WCL)  
World Federation of Trade Unions (WFTU)  
World Vision International (WVI)

8. The following non-governmental organizations with status with UNCTAD XI were represented at the Conference:

3d-Trade-Human-Rights  
Action Group on Erosion, Technology and Concentration  
Associação Brasileira de Organismos Não Governamentais (ABONG)  
Associação Brasileira para o Desenvolvimento de Lideranças (ABDL)  
Associação Comercial de São Paulo  
Algemeen Belgisch Vakverbond (ABVV-FGTB)  
Ação Comunitaria do Brasil  
Action / Brazil  
Agir Ici  
Asociación Nacional de Economistas Cubanos (ANEC)  
Association Filomena Toma Ira Pacsi Programa Genero Y Economia (GGE)  
Associazione delle Ong Italiane  
Associação Brasileira  
African Women's Economic Policy Network (AWEPON)  
Associação Limeirense De Joias  
Central Unica Dos Trabalhadores (CUT)  
Universidades / Brasil  
Brazilian Institute of Social and Economic Analysis (IBASE)  
Brazilian Interdisciplinary Aids Association (ABIA)  
Care International Ireland  
Cordenacao De Centrais Sindicais Do Cone Sul (CCSCS)  
Central Única Dos Trabalhadores  
Centre for Community Economic and Development Consultants Society (CECOEDECON)  
Centre Of Communitarian Action (CEDAC)  
Centro Feminista De Estudos E Assessoria (CFEMEA)  
Center of Concern (COC)  
Collectif de l'éthique dans le sucre (CES)  
Collectif stratégies alimentaires (CSA)  
Comisión Episcopal de Acción Social (CEAS)  
Comité français pour la solidarité internationale (CSFI)  
Conectas Direitos Humanos  
Confédération paysanne (CP)  
Confederazione Italiana Sindacati Lavoratori (CISL)  
Confederação Nacional dos Trabalhadores Agricolas (CONTAG)  
Conference of NGOs in Consultative Relationship with the UN (CONGO)  
Conselho Regional de Economia (CORECON)  
Consumer Unity and Trust Society (CUTS)  
Coordination sud  
Corporacion Viva La Ciudadania  
Cou-Teddo  
Department of Rural Socio-Economic Studies

Development Alternatives with Women for a New Era (DAWN )  
Eco-Accord  
Enda Tiers-Monde  
Equity Institute – Gender, Economy and Global Citizenship (EQUIT)  
Federation of Organizations for Social and Educational Assistance (FASE)  
Fédération artisans du monde (FADM)  
Friedrich-Ebert Stiftung (FES)  
Federação Dos Trabalhadores Na Agricultura Familiar Da Regiao Sul (FETRAF)  
Força Sindical  
Forum Umwelt Und Entwicklung  
Fundacion Nacional Para El Desarrollo (FUNDE)  
Global Alliance on Coffee and Commodities (GLACC)  
Global Foundation for Democracy and Development  
Greenpeace International  
Groupe de recherche et d'échanges technologiques (GRET)  
Grupo Red De Economía Solidaria Del Perú (GRESP)  
Health Action International (AIS-Bolivia)  
Institute of Policy Studies of Sri Lanka (IPS)  
Instituto De Direito Do Comércio Internacional E Desenvolvimento (IDCID)  
Instituto De Estudos Socio Economicos (INESC)  
Instituto Políticas Alternativas Para Conesul (PACS)  
Instituto Ethos De Empresas e Responsabilidade Social (ETHOS)  
International Institute For Environment and Development (IIED)  
International Jesuit Network For Development (IJND)  
International Metalworkers Federation (IMF)  
International Resources For Fair Trade (IRFT)  
Iser Asesoría  
Johns Hopkins University (JHU)  
Latin American Center for Social Ecology  
Law and Society Trust (LST)  
Le pacte républicain  
Mexican Action Network of Free Trade (MEDEF)  
Mouvement des Entreprises de France (FEDEF)  
National Family Farm Coalition (NFFC)  
Network Institute for Global Democratization (NIGD)  
Network of Peasant Organizations and Producers in West Africa (ROPPA)  
Network Women In Development Europe  
Public Advocacy Initiatives for Rights and Values in India (PAIRVI)  
Popular Alternative Technology Center (CETAP)  
Projeto Anelo Direitos Humanos (PADH)  
Public Citizen  
Roba Dell' Altro Mondo  
Sociedade Rural Brasileira (SRB)  
South Asia Watch on Trade and Economics (SAWTEE)  
Southern and Eastern African Trade Information and Negotiations Institute (SEATINI)  
Stichting Wemos (WEMOS)  
Sustainable Development Policy Institute (SDPI)  
Tara Projects Association  
Technik Brazil

The Development Fund  
World Forum of Civil Society Networks (UBUNTU)  
Universidade Estadual De Campinas (UNICAMP)  
Universidade Federal De Santa Catarina (UFSC)  
Universidade Do Vale Do Itajaí (UNIVALI)  
Voluntary Action Network India (VANI)  
World Economy, Ecology And Development (WEED)

**Annex IX**

**Lists of States in the annex to General Assembly  
resolution 1995 (XIX)**

**List A**

Afghanistan	India	Philippines
Algeria	Indonesia	Qatar
Angola	Iran (Islamic Republic of)	Republic of Korea
Bahrain	Iraq	Rwanda
Bangladesh	Israel	Samoa
Benin	Jordan	Sao Tome and Principe
Bhutan	Kenya	Saudi Arabia
Bosnia and Herzegovina	Kuwait	Senegal
Botswana	Lao People's Democratic Republic	Seychelles
Brunei Darussalam	Lebanon	Sierra Leone
Burkina Faso	Lesotho	Singapore
Burundi	Liberia	Solomon Islands
Cambodia	Libyan Arab Jamahiriya	Somalia
Cameroon	Madagascar	South Africa
Cape Verde	Malawi	Sri Lanka
Central African Republic	Malaysia	Sudan
Chad	Maldives	Swaziland
China	Mali	Syrian Arab Republic
Comoros	Marshall Islands	Thailand
Congo	Mauritania	Timor-Leste
Côte d'Ivoire	Mauritius	Togo
Democratic People's Republic of Korea	Micronesia (Federated States of)	Tonga
Democratic Republic of the Congo	Mongolia	Tunisia
Djibouti	Morocco	Turkmenistan
Egypt	Mozambique	Uganda
Equatorial Guinea	Myanmar	United Arab Emirates
Eritrea	Namibia	United Republic of Tanzania
Ethiopia	Nepal	Vanuatu
Fiji	Niger	Viet Nam
Gabon	Nigeria	Yemen
Gambia	Oman	Zambia
Ghana	Pakistan	Zimbabwe
Guinea	Palau	
Guinea-Bissau	Papua New Guinea	

**List B**

Andorra	Holy See	Norway
Australia	Iceland	Portugal
Austria	Ireland	San Marino
Belgium	Italy	Spain
Canada	Japan	Sweden
Cyprus	Liechtenstein	Switzerland
Denmark	Luxembourg	Turkey
Finland	Malta	United Kingdom of Great Britain and Northern Ireland
France	Monaco	United States of America
Germany	Netherlands	
Greece	New Zealand	

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**List C**

Antigua and Barbuda	Dominican Republic	Paraguay
Argentina	Ecuador	Peru
Bahamas	El Salvador	Saint Kitts and Nevis
Barbados	Grenada	Saint Lucia
Belize	Guatemala	Saint Vincent and the Grenadines
Bolivia	Guyana	Suriname
Brazil	Haiti	Trinidad and Tobago
Chile	Honduras	Uruguay
Colombia	Jamaica	Venezuela
Costa Rica	Mexico	
Cuba	Nicaragua	
Dominica	Panama	

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**List D**

Albania	Hungary	Serbia and Montenegro
Azerbaijan	Latvia	Slovakia
Belarus	Lithuania	Slovenia
Bulgaria	Poland	The Former Yugoslav Republic of Macedonia
Croatia	Republic of Moldova	Ukraine
Czech Republic	Romania	Uzbekistan
Georgia	Russian Federation	

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## Annex X

### List of documents<sup>14</sup>

TD/391 and Add.1	Provisional agenda and annotations
TD/392	Trade and gender: Opportunities, challenges and the policy dimensions
TD/393	Trade and transport facilitation – Building a secure and efficient environment for trade
TD/394	Partnership for development: Information and knowledge for development
TD/395	Partnership for development: Information and knowledge for development
TD/396	Strengthening participation of developing countries in dynamic and new sectors of world trade: Trends, issues and policies
TD/397	Assuring development gains from the international trading system and trade negotiations
TD/398	Trade and poverty: A developmental perspective
TD/399	Policy options for strengthening SME competitiveness
TD/400	UNCTAD XI multi-stakeholder partnerships
TD/401	From minor to major: Policy challenges for developing countries in the global music industry
TD/402	Report of the Trade and Development Board to the Conference
TD/403	Trade and development benchmarks: A work in progress
TD/404	New geography of international trade: South-South cooperation in an increasingly interdependent world
TD/405	Ministerial Declaration on the occasion of the Fortieth Anniversary of the Group of the 77
TD/406	Declaration adopted by the Parliamentary Meeting on the occasion of UNCTAD XI
TD/407	Civil Society Forum Declaration to UNCTAD XI
TD/408	Declaration of the Least Developed Countries Ministerial Meeting at UNCTAD XI
TD/409	Ministerial Communiqué of Landlocked Developing Countries
TD/410	São Paulo Consensus

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<sup>14</sup> These documents are available at the UNCTAD XI website (<http://www.unctadxi.org>) or at the UNCTAD website (<http://www.untad.org>).



TD/411	Communication from the Group of 77 and China regarding the application of coercive economic measures and unilateral sanctions against developing countries
TD/412	Report of the United Nations Conference on Trade and Development on its eleventh session
TD/L.368 and Add.1	Draft UNCTAD XI negotiated text
TD/L.369	Forum on Multilateralism and Regionalism: The New Interface (8 June 2004, Rio de Janeiro) – Summary prepared by the UNCTAD secretariat
TD/L.370	Forum on Regionalism and South-South Cooperation: The Case of India and Mercosur (9 June 2004, Rio de Janeiro) – Summary prepared by the UNCTAD secretariat
TD/L.371	Workshop on Alternative Economic Strategies for Latin America (12 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.373	Fourth Meeting of the UNCTAD/ICC Investment Advisory Council (IAC)(in cooperation with the Global Compact) (14 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.374	Roundtable on Corporate Transparency and Investment (14 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.375	Report of the Credentials Committee
TD/L.376	Leveraging FDI for Export Competitiveness (15 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.377	Draft Report of the United Nations Conference on Trade and Development at its eleventh session - São Paulo, 13-18 June
TD/L.378	Round Table on Trade and Gender (15 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.379	High-Level Panel on Creative Industries (13 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.380 and Add.1	Draft São Paulo Consensus
TD/L.381	Expression of gratitude to the Government and people of Brazil
TD/L.382	UNCTAD XI - The Spirit of São Paulo
TD/L.383	Round Table on Harnessing Emerging Technologies to Meet the Development Goals Contained in the Millennium Declaration (14 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.384	High-Level Round Table on Trade and Poverty (14 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.385	Implementing the WSIS Plan of Action: Issues for Trade and Development (16 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.386	Workshop on Accountancy and Economic Development (16 June 2004) – Summary prepared by the UNCTAD secretariat

TD/L.387	Trade and Transport Facilitation: Building a Secure and Efficient Environment for Trade (Interactive Thematic Session, 17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.388	ICT as an Enabler for Growth, Competitiveness and Development: Implications for National and International Policies and Actions (Interactive Thematic Session, 17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.389	A Partnership for Training, Distance Learning and Networking (Interactive Thematic Session, 17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.391	High-level Panel on Trade and Development Strategies for Least Developed Countries (17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.392	JITAP: Capacity Building in Assuring Developmental Gains from the Multilateral Trading System (18 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.393	Trade-related E-Finance for Small and Medium-sized Enterprises (16 June 2004) – Summary prepared by the UNCTAD
TD/L.394	Economic Development and Capital Accumulation: Recent Experience and Policy Implications (Interactive Thematic Session, 14 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.395	Report on the Rio Trade Week preparatory to UNCTAD XI (Rio de Janeiro, 13–18 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.396	Round Table for Promoting Trade for Sustainable Development (17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/L.397	Annual Meeting of the World Trade Point Federation’s Inter-American Trade Point Forum (16–17 June 2004) – Summary prepared by the UNCTAD secretariat
TD/INF.38	Information for Participants
TD/INF.39	List of participants
TD(XI)/BP/ 1	Environmental requirements and market access for developing countries
TD(XI)/BP/ 2	The Joint Integrated Technical Assistance Programme: Capacity building in assuring developmental gains from the multilateral trading system
TD(XI)/BP/ 3	Progress report on the World Trade Point Federation
TD(XI)/BP/ 4	The role of science and technology in the achievement of the MDGs

TD(XI)/BP/ 5	Prospects for FDI flows, transnational corporation strategies and promotion policies: 2004–2007.
TD(XI)/BP/ 6	UNCTAD's e-tourism initiative
TD(XI)/BP/ 7	The role of competition in the promotion of competitiveness and development: Experiences from Latin America and the Caribbean and other regions – Background note
TD(XI)/BP/ 8	Prospects for FDI flows, TNC strategies and policy developments : 2004-2007
TD(XI)/BP/ 9	UNCTAD XI on-site event on competition policy for development
TD(XI)/BP/10	Promoting trade for sustainable development
TD(XI)/BP/11	Regionalism and South-South cooperation: The case of Mercosur and India
TD(XI)/BP/12	Round Table of Executive Secretaries of the United Nations Regional Commissions at UNCTAD XI
TD(XI)/BP/13	Creative industries and development
TD(XI)/BP/14	Prospects for FDI flows and TNC strategies, 2004–2007 – World's largest transnational companies opt for expansionary strategies
TD(XI)/Misc.1	High-level Panel on Creative Industries and Development - Programme
TD(XI)/Misc.2	Provisional list of participants
TD(XI)/Misc.2/Add.1	Provisional list of participants
TD(XI)/PC/1	Preparations for UNCTAD XI - Submission by the Secretary-General of UNCTAD
TD(XI)/PC/2	Report of the Preparatory Committee for UNCTAD XI on its first session
TD(XI)/PC/3	Pre-Conference negotiating text
TD(XI)/PC/4	Preparatory Committee for UNCTAD XI: Summary of the Hearing with civil society and the private sector, Geneva, 16 January 2004
TD(XI)/PC/5	Preparatory Committee for UNCTAD XI: Summary of the Hearing with civil society and the private sector, Geneva, 23 February 2004
TD(XI)/PC/6	Lisbon Declaration and Recommendations on Sustainable Tourism for Development
TD(XI)/PC/6/Add.1	Outcome of the Pre-UNCTAD XI High-level International Meeting of Experts on Sustainable Tourism for Development
TD(XI)/PC/7	Preparatory Committee for UNCTAD XI: Summary of the Hearing with civil society and the private sector, Geneva, 22 April 2004

TD/B/IGO/LIST/5	List of intergovernmental organizations participating in the activities of UNCTAD
TD/B/NGO/LIST/7 & Corr.1	List of non-governmental organizations participating in the activities of UNCTAD

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