

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

MASTER FILES
ROOM C-130

0401

SM/89/85

May 15, 1989

To: Members of the Executive Board
From: The Secretary
Subject: UNCTAD - Trade and Development Board

There is attached for the information of the Executive Directors a report by the Fund observer on the second part of the thirty-fifth session of the Trade and Development Board of UNCTAD, held in Geneva from March 6 to 22, 1989.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

UNCTAD--Trade and Development Board

Second Part of the Thirty-Fifth Session

Prepared by the Fund Observer 1/

May 11, 1989

I. Introduction and Summary

The Trade and Development Board (TDB) held the second part of its thirty-fifth session in Geneva during March 6-22, 1989 under the chairmanship of Mr. Tobgy S. Dorji of Bhutan. 2/

The discussions centered on three major topics: the annual review of the problems of protectionism and structural adjustment including developments of particular concern to developing countries in the Uruguay Round; an examination of outstanding issues in the field of trade in services; and the question of a possible contribution of UNCTAD to sustainable development in response to General Assembly resolutions 42/186 and 42/187 on the interrelationship between the environment and development.

After an extensive discussion on the first issue the Board adopted a resolution which, inter alia, urged governments to halt and reverse protectionism as stipulated in the Final Act of UNCTAD VII; recognized the need to avoid abuse of such nontariff measures as antidumping and countervailing action; and called for the prompt implementation of

1/ Mr. Jack P. Barnouin.

2/ The UNCTAD secretariat had prepared a number of reports for the consideration of the Board. These included the following: Problems of Protectionism and Structural Adjustment (TD/B/1196 and Add.1); Structural Adjustment Issues in the World Economy (UNCTAD/ITP/9); Structural Adjustment Policies in Developed Countries (UNCTAD/ITP/8); Information provided by State Members of UNCTAD for the Annual Review by the Board on Protectionism and Structural Adjustment (TD/B/1200 and Add.1 and 2); Impact of Technological Change on Patterns of International Trade (TD/B(XXXV)/SC.I/CRP.2); Issues raised in the context of trade in services (TD/B/1197); Environment and Development: UNCTAD's contribution to the follow-up of General Assembly Resolutions 42/186 and 42/187 (TD/B/1199); and Trends and Policies in Trade and Economic Cooperation among Countries having Different Economic and Social Systems (TD/B/1195 and Add.1).

concrete structural adjustment actions with the view to "widening markets for exports of products in which the developing countries have or may develop a comparative advantage." 1/

Discussions on outstanding issues in the field of trade in services remained inconclusive but the debate on sustainable development led to the adoption of the decision regarding UNCTAD's contribution to such development. 2/ That resolution called, inter alia, on the Secretary-General to examine "the interface between sustainable development and the main lines of UNCTAD activities within its mandate"; to give appropriate attention to sustainable development in his preparation for the Second United Nations Conference on the Least Developed Countries; and to develop proposals for technical assistance in the environmental field.

The Board also adopted: a resolution regarding UNCTAD's contribution to the preparation for the International Development Strategy for the Fourth United Nations Development Decade; 3/ a decision on trade relations among countries having different economic and social systems; 4/ and a calendar of meetings for the remainder of 1989 and for 1990.

II. Protectionism and Structural Adjustment

In an opening statement, the representative of the UNCTAD secretariat said that the introduction of trade distorting measures continued to pose a grave problem to the world economy at large and to developing countries in particular. In this connection, he deplored that the resort to export subsidies and voluntary export restraints had continued unabated since the adoption of the Punta del Este Declaration. To correct the situation, he urged the developed countries to adopt strong adjustment policies designed to improve the access of their markets to imports from Third World countries. As regards the latter countries, he stressed that many of them had undertaken to bring about a greater integration of their economies into the international trading system. However, as these countries succeeded in penetrating the markets of developed countries, their "hard won competitive advantages tended to be met with increasing trade restrictions."

Turning to the Uruguay Round, he pointed out that the developing countries were participating more actively in that Round than in any of the previous rounds of multilateral trade negotiations. This, he argued,

1/ TD/B(XXXV)/SC.I/L.7, attached.

2/ TD/B/L.858, attached.

3/ TD/B/L.859.

4/ TD/B(XXXV)/SC.II/L.8.

reflected those countries' determination to "contribute genuinely to the process of developing a more open, viable, and durable trading system which would be supportive of growth and development." In this context, he welcomed a number of decisions reached by the Ministers at the Montreal meeting of the Uruguay Round's Trade Negotiations Committee, including some improvements in the dispute settlement system, the establishment of a trade policy review mechanism, the agreement on greater and more regular ministerial involvement in GATT activities, and certain trade liberalization actions in the area of tropical products. On the other hand, he regretted that no agreement had been reached in such important areas of interest to developing countries as agriculture, safeguards, textiles and clothing, and intellectual property rights. He expressed the hope that appropriate solutions would be found in these four areas when the Mid-term Review of the Uruguay Round reconvened in early April.

Looking beyond that review, he said that the major task in the second stage of the Uruguay Round should be to make existing GATT provisions in favor of developing countries more specific and enforceable. In this context, he stressed that further negotiations on the Functioning of the GATT System (FOGS) should focus on the issue of the increased relationship between trade, money, finance and development. Such negotiations should also provide an opportunity to address in depth the linkage between trade and foreign debt which, he said, "overburdened many developing countries and undermined their development strategies."

The spokesman for the Group of 77 stated that since the launching of the Uruguay Round more than two years ago, there had been an increasing trend towards bilateralism and arbitrary departures from agreed principles of nondiscrimination and nonreciprocity in trade relations between developing and developed countries. While developing countries with unprecedented problems of debt were forcefully advised by creditor countries to pursue vigorous export-oriented policies to meet their debt obligations, the developed countries were imposing more restrictions on imports of goods from these developing countries. This increased reliance of industrialized countries on protectionist measures, he argued, was the consequence of a lack of significant progress towards structural adjustment in those countries, especially in the sectors where Third World countries had achieved comparative advantages.

As regards the Uruguay Round, the spokesman for the Group of 77 recalled that agreements had been reached in Montreal in 11 of the 15 areas covered by the negotiations while no consensus had emerged in four areas. With respect to the so called "agreed-upon areas" he noted that most of the agreements which had been reached merely set up guidelines for the second stage of the negotiations. Referring to his constituents' negotiating objectives in that further stage of the negotiations, he stressed that: (a) the industrialized countries should undertake the elimination or a substantial reduction of tariff and

nontariff barriers on products of export interest to developing countries without requesting reciprocal action from the latter countries; (b) the reform of GATT Articles should be pursued with the aim of strengthening existing dispensations in favor of developing countries; (c) efforts should be made to facilitate wider participation by developing countries in MTN arrangements and agreements through the removal of obstacles to such participation; and (d) the functioning of the GATT system should be improved through periodic reviews of the trade policies of the major trading countries and through strengthened cooperation between GATT and UNCTAD which "has special responsibility for evolving greater coherence in global economic policy making." Among the four subject matters on which no agreement had been reached in Montreal, he put special emphasis on textiles and clothing which, he said, were items of major export interest to developing countries. In particular, he advocated a "freeze" of further restrictions under the Multifibre Arrangement and the adoption of a specific time frame for the integration of the textiles and clothing sector into GATT. Regarding agriculture, he said that, while his constituents favored overall trade liberalization in that sector, they also intended "to preserve their autonomy" in the pursuit of appropriate agricultural trade and production policies. In addition, they considered that the interests of food-importing developing countries should be adequately addressed. With respect to safeguards, he advocated the conclusion of a comprehensive agreement "which should be based on the principle of nondiscrimination and should contain elements such as temporariness and degressivity." As regards Trade-Related Intellectual Property Rights (TRIPs), he stated that the negotiations in this area should deal with trade-distortive and -restrictive aspects of intellectual property rights and "not with the question of adequacy or inadequacy of protection of such rights per se." Work on the latter aspect, he added, should be left to relevant international organizations such as WIPO and UNESCO.

In his concluding remarks, the spokesman for the Group of 77 addressed the issue of the negotiations on trade in services, for which a working text had been adopted at Montreal. He reiterated his group's view that any multilateral framework which might be adopted in that sector should not impinge negatively on the growth prospect of the service industries of the developing countries, and that it should ensure that the national laws and regulations applied by developing countries in pursuit of their development and self-reliance objectives be fully respected.

The representatives of the developing countries who intervened in the debate (Afghanistan, Bangladesh, Brazil, Ecuador, Indonesia, the Republic of Korea, Nigeria, Romania, and Yugoslavia) endorsed the views expressed by the spokesman for the Group of 77 but they also emphasized certain issues of special interest to their authorities. For example, the representative of Bangladesh referred more specifically to the plight of the least developed countries and invited all the Uruguay Round negotiating groups "to translate the principle of special attention to

the problems of the least developed countries into specific and appropriate operational measures." The representative of Brazil complained about the imposition by the United States "of prohibitive duties on selected imports for Brazil in retaliation for allegedly insufficient patent protection for pharmaceuticals in Brazil." The representative of the Republic of Korea expressed concern over increasing use of antidumping and countervailing duty actions for protectionist purposes.

The spokesman for Group B stated that, while world trade was currently expanding on a broad basis, protectionist measures, managed trade, and trade imbalances continued to create serious dangers for the integrity of the multilateral trading system. In such an environment, a successful outcome of the Uruguay Round was of vital importance. This required contributions from all participants commensurate with their levels of development as well as a general willingness to adapt to the evolving pattern of world trade, particularly in relation to new subject areas. Structural adjustment, she went on to say, was a dynamic process which should be sought not for its sake but for the growth and future well-being of all countries. For their part, her constituents had agreed in the 1988 OECD Ministerial Communiqué to reform structural policies in such areas as trade, agriculture, industrial subsidies, tax systems, financial markets, and international investment. She expressed the hope that their example would be followed by the newly industrialized countries which were increasingly sharing in the responsibility for carrying out the international adjustment process as a result of their emergence as important actors in the world economy.

Turning to the documentation prepared by the UNCTAD secretariat, she said that while her constituents did not necessarily share all the Secretariat's interpretations, they welcomed the inclusion of an analysis of the trade and structural adjustment policies of developing countries in that documentation. She regretted, however, that in dealing with these policies, the Secretariat had put more emphasis on recent trade liberalization policies than on an in-depth analysis of the protectionist policies which continued to exist. She also reiterated the need to treat more fully the issue of protectionism and structural adjustment in the socialist countries of Eastern Europe, and in China.

The representative of the United States stated that while her authorities were committed to a multilateral approach to trade liberalization, they were prepared to consider other forms of negotiations if the multilateral approach was not successful. Responding to allegations that the 1988 Omnibus Trade and Competitiveness Act was protectionist, she said that this Act "set down some transparent procedures for examining restrictions in other countries' markets that were alleged to place a burden on United States' exports." Its objective, therefore, was to open markets overseas rather than unilateral action. Moreover, the antidumping and countervailing duty provisions of the Act constituted the "cleanest" package of such provisions in decades.

The spokesman for the European Community said that the creation of a single European market by 1993 was a logical outcome of the Rome Treaty. It was intended to benefit not only the member States of the EC but also nonmember states and "to play a major role in a greater liberalization of international trade on the basis of GATT principles." It should therefore be seen "as the expression of increased dynamism rather than of an inward-looking orientation." Regarding the Uruguay Round, he said that it was in the interest of developing countries to open up their markets to imports because such a move would facilitate their structural adjustment. The EC, however, was aware of the sacrifices and upheavals trade liberalization might cause, and it therefore intended to lend full support to those developing countries embarking on a course of progressive integration in the multilateral trading system.

The representative of Canada stated that liberalization of world trade depended on a successful outcome of the Uruguay Round. Such an outcome would encourage further integration of the global economy and foster structural adjustment on the basis of long-term comparative advantages in developing and developed countries. One important problem with respect to structural adjustment, however, consisted in determining how it could be accelerated while minimizing social, political, and economic frictions.

The representative of Australia expressed deep disappointment at the lack of progress in trade liberalization and structural adjustment since the last review of these issues by the Board. In this context, he was especially concerned by the increase in the overall cost of agricultural support. While welcoming the action undertaken by some countries on policy reform in the agricultural sector, he said that these reforms should be carried much further. Unless a satisfactory outcome was achieved in this area at the resumed review of the Uruguay Round, he argued, all other potential achievements of the Round would be in serious jeopardy.

The representative of Japan highlighted his country's structural adjustment efforts in recent years. He referred to the measures taken by his Government to decrease Japan's dependence on exports and to stimulate domestic demands and imports. These measures, he argued, had met with a large measure of success and "since 1986, domestic demand net growth had been firmly established." As a result there had been a remarkable increase in Japan's import of manufactured goods especially from Asia's newly industrialized countries.

The spokesman for the Nordic countries said that "protectionism in developed countries was costing developing countries twice as much in lost export earnings as they received in development assistance." In addition, export subsidies and dumping at depressed prices of commodities by certain industrialized countries had an adverse impact on the export earnings of developing countries including some of the highly indebted

ones. His constituents therefore recognized the need to accelerate policy reforms in industrial countries and to reduce tariff and nontariff barriers with special emphasis on products of particular export interest to developing countries. The latter countries, and especially the more advanced among them, should also make a contribution to the worldwide process of structural adjustment and trade liberalization by liberalizing their own import regimes. A large number of developing countries, he went on to say, had already adopted policies to increase the openness of their economies and other countries should be encouraged to follow in their footsteps. However, due attention should be paid to social and environmental issues in order to achieve sustainable development. The representatives of Austria and Switzerland spoke along the same lines as the spokesman for the Nordic countries.

The spokesman for Group D said that since the last Board review structural rigidities had resulted in new "trade policy confrontations among major market economies." These confrontations were a source of difficulty not only for those involved, but also for other trading nations which depended on a stable and predictable international economic environment to carry out successfully their own structural adjustment efforts. In this context, he stressed the need to give a new impetus to the Uruguay Round negotiations at the forthcoming meeting of the TNC in early April 1989.

The representatives of the socialist countries of Eastern Europe (Bulgaria, Czechoslovakia, Democratic Republic of Germany, Hungary, Poland and the USSR) endorsed the views expressed by the spokesman for Group D. The representative of Bulgaria referred to the "significant move" recently made in her country towards the establishment of a "socialist market economy," and expressed the hope for a successful outcome of the Bulgarian request for accession to GATT "given the compatibility of the current Bulgarian economic framework with GATT rules in principle." The representative of the USSR said that his country was undertaking radical reforms of its foreign economic relations with the view to achieve "a more active and profound integration of the Soviet economy into the international division of labor." In this context, he noted that the Soviet foreign trade regulations were moving "in the direction of rules and principles common to international trade, including rules of GATT."

The representative of China said that over the past twelve months the economic situation of developing countries as a whole had not improved significantly, partly as a result of an intensification of protectionist measures against their exports. In this context, he urged the developed countries to live up to their commitments on stand-still and roll-back. Regarding the Uruguay Round he said that while some progress had been made in certain areas, no substantial results had yet been achieved on many issues of special interest to the

developing countries. He reiterated the hope that the Round would result "in the establishment of a more open, viable and long-lasting multilateral trading system."

Following this extensive exchange of views the Group of 77 tabled a draft resolution which was rejected by Group B on the grounds that it was slanted against developed countries. After further discussions a consensus emerged on a compromise resolution which, inter alia, urged governments to implement fully their commitments to halt and reverse protectionism as stipulated in the Final Act of UNCTAD VII; reiterated that the observance of multilaterally agreed commitments on trade in goods should not be made conditional on receiving concessions in other areas; recognized the need to avoid abuse of such nontariff measures as antidumping and countervailing actions; and called for the prompt implementation of concrete structural adjustment actions with the view to "widening markets for exports of products in which the developing countries have, or may develop, a comparative advantage."

III. Services within the Mandate of UNCTAD

In introducing the debate, the UNCTAD secretariat representative recalled that a number of proposals had been put forward to liberalize trade in services. All these proposals aimed at reducing regulations relating to services, even though such regulations often did not constitute "barriers to trade," but were designed to accomplish a variety of national goals. This was especially true in the developing countries which sought to promote the development of their infant service industries to sustain national sovereignty and to preserve economic independence through the regulation of services. A promising course of action might be the negotiation of a multilateral framework which would lay down guidelines for sectoral agreements without "implying major changes in overall legislation on immigration, investment or development objectives." Such a framework should recognize the legitimacy of policies pursued by developing countries to foster their development process, and should in particular recognize the right of such countries "to make access to their markets dependent upon the contributions made by foreign service suppliers to their overall development objectives." It should also address nongovernmental factors "such as restrictive business practices and other forms of corporate behavior influencing international service transactions to the disadvantage of developing countries."

The spokesman for the Group of 77 argued that the liberalization of trade in services was unlikely to foster the development process in developing countries if due attention was not paid to a number of factors of serious concern to those countries. Among these factors, he mentioned the asymmetrical position of developing countries as trade partners in the field of services, the need for unhindered growth of indigenous activities in critical areas such as knowledge-intensive services, and the need to ensure compatibility between the practices of transnational

corporations (TNCs) and national policy objectives. In the pursuit of the latter goal his group intended to strive for the establishment of a multilateral forum for the identification and notification of Restrictive Business Practices (RBPs) by TNCs, and for consultations to control and eliminate such practices. The representatives of Egypt, Romania and Tunisia echoed the views expressed by the spokesman of the Group of 77.

The spokesman for Group B agreed with the views of the UNCTAD secretariat that liberalization in services could enhance development if accomplished within a multilateral contractual framework. However, her constituents considered that such a framework would produce the most benefits "if it comprised generally applicable rules and disciplines based on established trade principles with broad sectoral coverage." They also considered that it was not appropriate for the UNCTAD secretariat to make explicit recommendations on issues under negotiation in GATT.

The spokesman for the EC referred more specifically to the report prepared by the UNCTAD secretariat on trade in services. She argued that the discussion of RBPs in that report reflected a general bias against TNCs and did not recognize the positive role played by those corporations in the development of the Third World. She also took issue with the fact that the report linked balance of payments problems to service imports without acknowledging the role of underlying macroeconomic factors.

The representative of the United States felt that the UNCTAD secretariat report did not discuss adequately the contributions of service imports to the development process in the Third World. She also regretted that the report made no mention of the costs that the protection of infant industries in the service sector entailed for the developing countries, and that it failed to differentiate between developing countries on the basis of their participation in services trade.

The spokesman for Group D said that his constituents were in the process of developing their own national service industries and considered that a number of conclusions drawn by the UNCTAD secretariat in relation to developing countries also applied to them. In their view, the Secretariat should complement its analysis of trade in services with a detailed examination of some concrete questions such as international trade in labor-intensive services.

The representative of China stated that the UNCTAD secretariat report had helped his country to understand the problems involved in international trade in services, and he expressed the hope that further work would be conducted by the Secretariat in this field. As regards the Uruguay Round, he considered that due respect should be paid to "the sovereignty and development policy objective of the developing countries" in the negotiations on trade in services.

IV. UNCTAD's Contribution to Sustainable Development

The representative of the UNCTAD secretariat recalled that sustainable development had been defined by the World Commission on Environment and Development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition embodied two key concepts: the concept of "needs," in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. Such an approach, he went on to say, had the merit of placing sound environmental management squarely in the context of growth and development. It put special emphasis on the elimination of mass poverty for sustained environmental improvement because the existence of large poverty groups was often at the root of environmental degradation. The protection of the environment should therefore not be used as a pretext to place further obstacles in the way of developing countries striving to improve the living conditions of their people. Moreover, environmentalists in developed countries should not project their local concern on to developing countries, e.g. their desire to preserve scenic beauty.

Turning to UNCTAD's possible contribution to the follow-up of General Assembly Resolutions 42/186 and 42/187, the Secretariat's representative said that three areas had been identified in which the organization could contribute to international understanding of the concept of sustainable development: commodities, environment-related trade issues, and disasters in the least developed countries. As regards the first area, he suggested that the Secretariat should identify the precise environmental considerations associated to trade in commodities and examine the conceptual issues involved in reflecting such considerations in commodity prices. With respect to the second area, he went on to say, a study could be carried out by the Secretariat regarding the effect of environment-related trade measures on market access for exports of developing countries, and possible actions by the latter countries to offset the negative impact of such measures. Finally, on the third area the Secretariat could undertake to collect information and to formulate remedial policy measures in relation to the question of environmental deterioration in the least developed countries.

The spokesman for Group B stated that the international community's growing concern about a deteriorating environment made it imperative to implement environmentally sound development policies. While his constituents acknowledged the increasing effort of the United Nations organs and in particular of the United Nations Environment Programme (UNEP) in the search for solutions to environmental problems, they considered that UNCTAD had also to play a role in this field. In this context, he suggested that the UNCTAD Secretary-General should:

- (a) analyze how the objectives of sustainable development could be integrated into the structural reform process in developed and developing

countries; (b) make arrangements for an adequate UNCTAD contribution to the preparatory process for the 1992 Conference on Environment envisaged in General Assembly resolution 42/186; (c) give appropriate attention to sustainable development in the preparation for the Second Conference on the Least Developed Countries; and (d) in cooperation with the United Nations Development Programme (UNDP), develop proposals for technical assistance in the field of sustainable development. While the TDB should periodically review UNCTAD activities in these various fields, its main subsidiary bodies should also play an important role in this respect. In particular, the Committee on Commodities should take into consideration the need to implement measures to safeguard the environment in the commodities area and the Committee on the Transfer of Technology should examine the question of the transfer of environmental technology.

The representatives of developed market economy countries who intervened in the debate (Austria, Canada, the EC, and the Nordic countries) echoed the views expressed by the spokesman for Group B.

The spokesman for Group D stated that "the international community should coordinate its efforts to preserve the planet's basic resources." He expressed the hope that additional resources for the protection of the environment "could be drawn from resources released as a consequence of the disarmament process," and advocated a greater UN role "in elaborating an international machinery to solve environmental problems."

The spokesman for the Group of 77 said that the developed countries were primarily responsible for the degradation of the world's environment. While the developing countries were conscious of the need to protect, improve and preserve the environment, their efforts in pursuit of these objectives were hampered by "the unprecedented problems of debt overhang, negative transfer of resources, falling export earnings, and constraints in acquiring and expanding technological capability." They believed that the world environment could be effectively protected only by improving the overall situation of the world economy in a way conducive to development and growth in the Third World.

Turning to a possible UNCTAD contribution to environmental protection, the spokesman for the Group of 77 proposed that the organization should: (a) examine substantial issues of environmentally-related policies, legislation and regulations in developed countries; (b) continue ongoing work on the interrelationship between environment and development in preparation for the Second United Nations Conference for the Least Developed Countries; (c) suggest concrete measures to be undertaken by the developed countries with the aim of enhancing the developing countries' capability for managing environmental problems in accordance with their national development plans; and (d) convene an annual meeting for specific pledges by industrialized countries regarding additional financial assistance to developing countries in the environmental field.

The representatives of the developing countries who intervened in the debate (Argentina, Bangladesh, Brazil, Cote d'Ivoire, Lebanon, Nicaragua, Tanzania, Trinidad and Tobago, and Tunisia) emphasized some issues of special interest to their respective authorities. For example, the representative of Lebanon complained that international traffic in toxic and dangerous products and in waste gravely endangered the environment in developing countries. The representative of Tanzania stated that his country's coastal waters were increasingly polluted by indiscriminate discharging of waste by foreign ships. The representative of Trinidad and Tobago referred to the extreme fragility of the ecosystem in small islands and called for special assistance to island developing countries in the environmental field.

The representative of China stated that "a sound international environment was the common heritage of mankind and that its protection therefore was incumbent upon each and every State." A special responsibility, however, lay with the industrial countries which were largely responsible for the deterioration of the world's natural environment. These countries should financially support the efforts undertaken by developing countries in the search for a solution to their environmental problems.

Following this exchange of views, the spokesman for Group B tabled a draft resolution, 1/ which was rejected by the Group of 77 on the grounds that it might infringe upon the field of competence of UNEP. After a further debate, the TDB adopted a decision which requested the UN Secretary-General to prepare a study on "the interface between sustainable development and the main lines of UNCTAD activities" for consideration at the first part of the 36th Session of the Board; to give appropriate attention to sustainable development in its preparation for the Second United Nations Conference on the Least Developed Countries and to develop a proposal for technical assistance in the environmental field.

1/ TD/B/L.854.



United Nations Conference on Trade and Development

Distr.
LIMITED

TD/B(XXXV)/SC.I/L.7

17 March 1989

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-fifth session
Second part
Geneva, 6 March 1989
Agenda item 3

Sessional Committee I

PROTECTIONISM AND STRUCTURAL ADJUSTMENT AND, IN CONJUNCTION
THEREWITH, DEVELOPMENTS AND ISSUES IN THE URUGUAY ROUND OF
PARTICULAR CONCERN TO DEVELOPING COUNTRIES, IN ACCORDANCE
WITH PARAGRAPH 105 (8) OF THE FINAL ACT

Protectionism and Structural Adjustment

Draft resolution submitted by the Chairman of Sessional Committee I

The Trade and Development Board,

Recalling Conference Resolutions 96(IV), 131(V), 159(VI), the Final Act
of UNCTAD VII and TDB Resolution 286 (XXVIII),

1. Urges Governments to implement fully the commitments to halt and
reverse protectionism as agreed in the Final Act of UNCTAD VII;

2. Recognizes the need to avoid abuse of such non-tariff measures as
anti-dumping and countervailing actions, and discipline resort to other
non-tariff measures which have an adverse effect on products and sectors of
export interest to developing countries;

3. Reiterates the need to observe the agreement reflected in
paragraph 105(17) of the Final Act of UNCTAD VII which states that the
observance of multilaterally agreed commitments on trade in goods should not
be made conditional on receiving concessions in other areas;

4. Reiterates the need to take expeditious and concrete structural adjustment actions favourable, in particular, to the widening of markets for exports of products in which the developing countries have or may develop comparative advantage;

5. Governments should consider, as part of their fight against protectionism, as appropriate, concrete actions for the establishment of transparent mechanisms at the national level as indicated in paragraph 105(4) of the Final Act of UNCTAD VII;

6. Decides to consider at a future session of the Board the implications of bilateral arrangements and regional economic integration, especially those which have major impact on global trade, in particular on the trade and development of developing countries;

7. Requests the UNCTAD secretariat to carry out a study of the costs and consequences of non-tariff measures, in particular those which adversely affect exports of developing countries;

8. Special problems of the least developed countries should be kept in view while undertaking measures to improve market access.



United Nations Conference on Trade and Development

Distr.
LIMITED

TD/B/L.858
20 March 1989

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Thirty-fifth session
Second part
Geneva, 6 March 1989
Agenda item 7 (a)

UNCTAD'S CONTRIBUTION, WITHIN ITS MANDATE,
TO SUSTAINABLE DEVELOPMENT IN ACCORDANCE
WITH GENERAL ASSEMBLY RESOLUTION 42/187 AND TO THE
FOLLOW-UP OF GENERAL ASSEMBLY RESOLUTION 42/186
AND ECOSOC RESOLUTION 1988/69

Draft decision submitted by the President

The Trade and Development Board,

1. Decides to transmit to the General Assembly at its forty-fourth session, through the Economic and Social Council, in response to paragraph 18 of General Assembly resolution 42/187, the annexed agreed conclusions, together with the relevant section of its report on the second part of its thirty-fifth session;

2. Requests the Secretary-General of UNCTAD to convey them also to the Executive Director of the United Nations Environment Programme, for submission to the Governing Council of UNEP at its next regular session.

ANNEX

Draft agreed conclusions

1. Requests the Secretary-General of UNCTAD to make an analysis for the first part of the thirty-seventh session of the Trade and Development Board, on the interface between sustainable development and the main lines of UNCTAD activities within its mandate;
2. Agrees to consider, in the light of the analysis referred to above, such follow-up action by the Board as may be required on the relevant provisions of General Assembly resolutions 42/186, 42/187 and ECOSOC resolution 1988/69;
3. Also requests the Secretary-General of UNCTAD, in his preparations for the Second United Nations Conference on the Least Developed Countries in 1990, to give appropriate attention to sustainable development;
4. Further requests the Secretary-General of UNCTAD to develop proposals for technical assistance, in co-operation with the United Nations Development Programme (UNDP) and other relevant agencies, for financing by donors, and invites them to provide additional financing for this purpose;
5. Underlines that all activities referred to above should be carried out within the mandates and programmes of the organization and its subsidiary bodies, and that the general direction and priorities as set down by intergovernmental bodies in UNCTAD should be maintained.