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Aid for Trade: How We Got Here, Where We Might Go

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Related ILEAP papers

ILEAP (2005). “Aid for Trade: Why and How?” Prepared by Dominique Njinkeu and Hugo Cameron, ILEAP. Presented at a forum organized in parallel to the WTO Hong Kong Ministerial Conference.

ILEAP (2006a). “An African Perspective on Aid for Trade”. African Union. Prepared by ILEAP.

ILEAP (2006b). “The Financial Architecture of Aid for Trade”. ILEAP. Prepared by Massimiliano Cali, Sven Grimm, Sheila Page, Lauren Phillips and Dirk Willem te Velde.

ILEAP (2006c). “Aid for Trade Facility: Lessons from the Tanzanian Experience on Trade Related Assistance”. Prepared by Bede Lyimo and Edward Sungula.

ILEAP (2006d). “Operational Modalities for the Aid for Trade Initiative”. Prepared by Ademola Oyejide.

ILEAP and German Marshall Fund (2006). “Aid for Trade After the Hong Kong Ministerial – An Introductory Text”. Prepared by Claire Healey, Dominique Njinkeu and Hugo Cameron.

These papers can be accessed on the ILEAP website, www.ileap-jeicp.org.

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Executive Summary

Analysis of both successful and unsuccessful development efforts has brought the international community to recognize that the usefulness of international trade as a vehicle for economic development depends on building trade-related capacities – enterprise capacities, transport and communications infrastructure, business and government skills in international commercial relations, and many other infrastructure and human resource capacities.

Consequently, the international community has recognized that for the trading system to be a vehicle for development for countries in which such vital resources were in short supply, an effort on aid for trade would be a necessary complement to improved access to export markets. The WTO Ministerial Declaration at Hong Kong, China, in December 2005 acknowledged the importance of aid for trade and mandated the WTO Director General to create a task force to make recommendations on how it should be operationalized.

The Uruguay Round Agreements brought forward a number of aid-related issues, particularly where they brought GATT/WTO obligations into “trade-related” dimensions such as standards and intellectual property. Obligations here deal not simply with the removal of restrictions but also with the creation of regulations and enforcing institutions to meet agreement-specified standards. Moreover, implementation of these obligations has demanded large investments in physical and human resources. The Uruguay Round Agreements imposed bound obligations to implementation of these obligations, whereas the agreements’ provisions for assistance from developed countries are not legally binding.

The increased attention at the WTO to development-related matters brought with it renewed attention to special and differential treatment; e.g., in the Doha Ministerial Declaration of 2001, which initiated the Doha Round. This contrasts with the thrust of the Uruguay Round, which had emphasized “integrating developing countries into the multilateral trading system,” a euphemism that signalled de-emphasis of special and differential treatment. The Doha Declaration and accompanying Ministerial Decisions also brought attention to implementation-related issues and concerns. In substance however, implementation fell entirely within the scope of special and differential treatment – i.e. concessions of particular export interest to developing countries and lesser concessions by and application of disciplines to developing countries. Making concrete the development assistance suggested by the Uruguay Round agreements is not addressed in these documents.

In the earlier discussion of the Uruguay Round implementation problem, Rubens Ricupero (then Secretary-General of the UN Conference on Trade and Development - UNCTAD) had offered a useful suggestion: proposals should be accompanied by implementation audits that would identify the steps and resources needed for each developing country Member to meet the proposed obligation.

None of the proposals submitted during the Doha Round provided such audits, nor even suggested that such audits should be initiated. Dealing with the investments that new agreements might demand was taken up only tentatively. For instance, the paragraph on trade facilitation in the Hong Kong Ministerial Declaration specifies that where an agreement would demand investment in infrastructure beyond a developing country’s means, the country would NOT be obligated to implement the related WTO measures. Indeed, had negotiators attempted to provide such audits, they would have realized that they were duplicating the project identification-design process of development agencies.

In short, no progress has been made on how to fit aid for trade into the basic structure of the WTO – the specification of multilateral legal obligation. Moreover, it is not likely that multilateral rules can be tailored to the specifics of time and place that development demands without duplicating the project-specific approach to legal obligation. This constitutes a key part of what makes development institutions different from the WTO.

Moreover, the WTO Task Force was asked to provide recommendations on how to operationalize aid for trade but did not take up the question of legally linking WTO reform obligation and trade-related assistance. Their attention focused on the design of an extensive WTO-centered system for supervising aid for trade, with little attention on how to actually operationalize that design.

In the meantime however, through international and bilateral development agencies, the amount of trade-related assistance has increased markedly. There are many providers: 26 regional or multilateral international agencies and 28 countries, including four developing or transition economies. Efforts have covered a wide range of activities and have supported substantial improvements of infrastructure and expansion of enterprise capacities. With regard to investments and reforms related to WTO obligations, support for countries to create networks of interested parties – inside and outside of government – have proven useful. However, there have been concerns that support for these networks was withdrawn before they became self-sustaining; before they had reached the stage of developing self-sustaining agendas and work programs.

In areas such as infrastructure and enterprise capacities, it is difficult to isolate assistance that is purely trade related. This is not simply a measurement problem. It perhaps does not make development sense to differentiate infrastructure and enterprise capacity that caters only for export from such capacities that benefit domestic economies.

What will drive Aid for Trade?

The GATT was an institution driven by its Members' systemic interests; the WTO is an institution made up of Members driven by their constituent's interests – i.e. commercial, 'what-is-in-it-for-me' interests and not systemic interests. A successful aid for trade effort will have to recognize this change and such recognition would strengthen the aid for trade effort. Donor country aid for trade advocates suggest that they can readily find commercial support for trade capacity building. It will help donor country enterprises to do business more efficiently in the recipient countries. Such constituent interests could be the base for moving developed country commitments past the best-efforts promises of the Uruguay Round Agreements. The interests of donor and recipient country enterprises should together be the basis for fixing priorities. It is vital to know that like commercial transactions, aid for trade can have "beneficiaries" on both sides.

Needs assessments

As viewed by some wealthier countries, needs assessments are much like implementation audits, as Ricupero described them. They pin down how much money is to be provided to poorer countries in exchange for them to take on new obligations in the WTO system. It is not possible however, that such assessments can be brought down to the level of specificity at which a contractual obligation – you do this, I will give you this much money – can be achieved. On a smaller scale, poorer countries' self-assessments of problems they face in the implementation of particular agreements, e.g., TBT or SPS, (often summarized in a page or two) have been useful for countries to identify both their specific needs for infrastructure and training and how best to build the capacities to deal with such matters. It is always easy to build a list of needs. What is needed next is not so much to refine the list but to actually do something about it – i.e. make it happen for real results.

Monitoring and coordination

This is a job that can only be done at home. A new international “platform” to coordinate and monitor aid for trade will create one more element to be included in the monitoring and coordination that each country must do in order to ensure that its people’s interests are being advanced. The emphasis here should be on creating and building up local capacities, not on endowing well-meaning international agencies. Knowledge and skill transfer at the local level is paramount to ensuring success of the programs.

A WTO agreement on aid for trade would be an expression of the international community’s commitment to support development and poverty reduction. This commitment however has many other expressions: the Millennium Development Goals, the existence of the development banks, the various national assistance policies, the recent increase in trade-related assistance, and many others. Given the ineffectiveness of the WTO as a venue for addressing even the development problems created by the WTO’s Uruguay Round Agreements – most recently demonstrated by the fact that this issue was not even addressed by the WTO Task Force charged to find ways to operationalize aid for trade – the development community should perhaps focus elsewhere its efforts to expand aid for trade.

1. Introduction

In the Declaration issued at the World Trade Organization (WTO) Ministerial Conference in Hong Kong in December 2005, trade ministers agreed on the need for a new initiative to help developing countries use the trading system as an effective vehicle for development and poverty reduction:

We invite the Director-General to create a task force that shall provide recommendations on how to operationalize Aid for Trade.

Why is there **at the WTO** level an initiative on aid?¹ From the recipient's perspective, the rationale could be additional resources for development and poverty reduction. From the donor's perspective, the rationale may be commercial, strategic or foreign policy interests; or simply that some taxpayers in donor countries would be gratified to know that assistance is provided to people in poorer countries.

This paper focuses less on aid than on the WTO as a venue for managing aid. The objectives of this paper are to examine the origin of the WTO aid for trade initiative, its rationale, and in particular the potential effectiveness of the WTO as a vehicle for motivating and managing development aid.²

The study will examine three inter-related reasons for a WTO role in aid for trade:

- Market access concessions by developing countries would buy additional aid.
- It is a response to two issues of particular interest to developing countries: the problem of implementation of unfulfilled commitments by developed countries in the Uruguay Round preceding the establishment of the WTO; and the unbalanced outcome that emerged from this process.
- Existing aid mechanisms undervalue the development impact of resources applied to trade-related uses relative to their impact in other uses.

The first of these reasons has been widely rejected as part of the Doha negotiations and is somewhat moot now that negotiations have been suspended. It however remains a lurking element in the two other rationales.

It is unlikely that any of these rationales suggest more than limited potential for the WTO to be useful in this area.

¹ This study takes poverty reduction to be one of the paramount elements in development. The reader should keep in mind that "development" should be taken to include "development and poverty reduction".

² A tone of institutional rivalry often enters into discussions of aid for trade, e.g., the WTO versus the World Bank. It is important to keep in mind that all of these are instruments created by the international community. The issue is not "Which of these institutions is best? The issue is "How can we best use these institutions to advance our common objectives, i.e. development and poverty reduction?" Thus the WTO should be seen as an instrument rather than as an actor. The actor is the international community. The issue is what the international community can do through the WTO, not what the WTO can do. Similarly, the multilateral trading system is all the activities and entities involved with commerce that crosses international borders. The WTO is a part of that system – a particular institution the international community has created to promote and to regulate international commerce so that this commerce advances our economic, social and moral goals.

First, the implementation and unbalance issues are real issues, but as explained later, the Doha negotiations have ineffectively addressed them. Second, as to the point of existing mechanisms undervaluing trade-related aid, this can be linked to a partisan assertion in the trade community's effort to win increased aid – as opposed to an objectively structured and scientifically tested hypothesis.

These conclusions however should not be causes for alarm. In the recent past, trade-related aid provided through other mechanisms has increased markedly. While little has been accomplished through the WTO, the international community has taken up these issues through national and international development agencies. These agencies are better suited to ensure that aid resources are productively applied than are multilateral negotiations. Moreover, the project design and cost-benefit analysis of such institutions are the appropriate tools – rather than multilateral negotiations – to test the hypothesis that trade-related aid is more productive than aid allocated to alternative uses.

Indeed, on aid for trade, one might interpret suspension of the Doha negotiations as cutting a labouring horse out of its harness – so as to allow the rest of the team to move forward more expeditiously.

The structure of the paper is straightforward and its sub-headings are as follows:

1. Uruguay Round outcome – Developing Country Concerns
2. Taking up these concerns through the WTO
3. Aid for Trade Initiatives
4. Lessons (Positive & Negative Points)

2. Uruguay Round Outcome – Developing Country Concerns

The commitment of WTO members to pay particular attention to issues raised by developing countries in the Doha negotiations reflected **two** widespread perceptions of the Uruguay Round outcome:

- It was unbalanced and more favourable to the interests of developed country Members than to developing country Members; and
- It created an “implementation problem” more severe than any created previously under the General Agreement on Tariffs and Trade (GATT).

The unbalanced outcome

As Sylvia Ostry (2002) has explained, when the Uruguay Round Agreements were accepted, their implications were poorly understood and certainly not quantified. So what have developing country WTO Members gained from the Uruguay Round?

- After a ten-year phase-in period, quantitative restrictions on imports of textiles and clothing from developing countries were removed, but tariffs continue to remain high on these products.
- The newly tariffed schedules of protection of agriculture have not proven to be less restrictive than the hodgepodge of non-tariff measures they replaced.
- Less noted is that the impact of TRIPS (the Agreement on Trade-Related Aspects of

Intellectual Property Rights) that dominated the economics of the Uruguay Round Agreements. For the United States and other intellectual property providers, the value of the claims TRIPS generates are several times larger than the gain to them from all the merchandise trade liberalization agreed upon, including the liberalization of their own restrictions. For countries that use intellectual property established elsewhere, the TRIPS-generated obligation entailed payments several times larger than the gains they were to enjoy from the Uruguay Round package of merchandise import liberalization.³ Thus there emerged a concern that the basic GATT/WTO norm of reciprocity, or balance, had been violated – developing country Members had given more than they received.

The implementation problem

The Uruguay Round brought into the GATT/WTO system challenges that the original GATT had not taken on. While the politics of agreeing to tariff reductions is difficult, implementing such an agreement does not pose any particular challenge. New tariff schedules are printed and distributed to customs houses.

The Uruguay Round, however, pushed past regulations aimed specifically at international trade into areas of behind-the-border institutions and regulations such as technical and sanitary standards and the protection of intellectual property. While these matters **are** “trade-related,” they are much more. They provide the institutional structure of the domestic economy. Moreover, agreements in these areas took a form different from that of traditional agreements to reduce or eliminate barriers. They require that countries’ regulations be harmonized to a common standard. For instance, under TRIPS, every WTO Member must apply the same standard for defining and protecting intellectual property, and they must vigorously apply that standard to foreign-owned property. The standards required in these new agreements were generally similar to those already in place in developed countries; hence the obligation to change fell most heavily on developing countries.⁴

The implementation of the obligations undertaken in these agreements requires significant institution-building – not just removing restrictions. This form of institution-building would demand, as expected, significant investments in areas such as facilities, equipment and staff training.

Comparison of these agreements with development project experience has revealed that significant investments would be needed to meet their obligations – easily more than a year’s development budget in many of the poorer WTO Members. It also revealed that the demands of these agreements – taken in large part from the current practice in the more advanced economies – are not always good development advice. In fact, the expenditures demanded often are not those that maximize trade impact, much less the development or poverty reduction impact of the resources.⁵

The implementation problem also raises the “one-size-fits-all” question. Are multilateral rules, particularly those that are shaped significantly by the interests of more developed countries, a constructive blueprint for development and developing countries?

³ Finger (2002) provides details.

⁴ This fact added to the sense of an unbalanced outcome.

⁵ Finger and Schuler (2001).

3. Implementation and Aid for Trade Taken Up in the WTO

The commitment by WTO Members to pay particular attention to issues raised by developing countries – signalled by referring to the negotiations as the “Doha Development Agenda” or DDA rather than the “Doha Round” – is a reflection of how widespread the perception is that the Uruguay Round outcome was unbalanced. As to the implementation of Uruguay Round commitments, WTO Ministers agreed at the 2001 Doha Ministerial Conference that they “attach the utmost importance to the implementation-related issues and concerns.”⁶ They provided that on subjects on which there is a negotiating mandate, implementation would be part of the Doha round negotiation and that on other subjects, the relevant WTO bodies would take up implementation issues as a matter of priority.

Defining the implementation issue

In a separate decision on ‘*Implementation-Related Issues and Concerns: Decision of 14 November 2001*,’ Ministers elaborated their conception of the implementation issue. The content of the decision is summarized in Annex 1.

As the tabulation indicates, WTO ministers at Doha framed the implementation issue within traditional conceptions of special and differential treatment: market access concessions by developed countries on products of export interest to developing countries; less-than-full reciprocity from developing countries in market access; lesser application to developing countries of some of the system’s generic rules – or at least longer phase-in periods for developing countries to implement such obligations; and expanded trade-related assistance for developing countries. Thus, as the Doha Declaration takes it up, “implementation” becomes “special and differential treatment.” Moreover, the Doha Declaration responds to the unbalanced nature of the Uruguay Round outcome rather than to the need to make obligations specific to circumstances and assistance specific to need.

As Doha negotiations evolved, concerns to make the WTO system more development-supportive sparked a discussion of the possibility that the dimensions of time and place be introduced into WTO obligations. Rather than one-size-fits-all (softened a bit by phase-in periods based on no particular criteria), members began to consider that perhaps obligations could be tailored to objective indicators of situation and need.

Within the traditional bounds of the WTO, this issue offered a considerable challenge. Legal obligations (technically, applicable only to the trade-related dimensions of things) would not only have to spell out the structure of such institutions when the economy achieved development, they would also have to map out the steps and the schedules for building them. Awareness of the difficulty of this challenge is evidenced more by what the international community has decided **not** to do through the WTO than by what it has taken on there. The Doha Ministerial Declaration had announced agreement to undertake preliminary work on four new subjects for possible multilateral agreements: investment, competition policy, government procurement and trade facilitation. These would be taken up as negotiating issues only if the Members reached agreement to do so at a future meeting. The Doha Work Program agreed in July 2004⁷ dropped all

⁶ WTO. 2001. paragraph 12.

⁷ WTO. 2004.

but trade facilitation from the negotiating agenda and limited coverage of the negotiations on trade facilitation to “clarify and improve relevant aspects of Articles V, VIII and X of GATT 1994.” (These articles take up *Freedom of Transit*,⁸ *Fees and Formalities connected with Importation and Exportation*, and *Publication and Administration of Trade Regulations*.⁹)

Obligation linked to assistance

Though implementation of the new rules is a bound obligation, implementation assistance had been urged but not provided for in several of the Uruguay Round Agreements. This imbalance fostered a discussion of how the legal obligation to implement might be linked to a legal obligation or other concrete commitment to provide assistance. It prompted Rubens Ricupero (1999) to suggest that future proposals include an “implementation audit” that would identify the specific investments needed to meet new obligations – so that any agreement could include bound commitments to provide the needed support.

Such audits would do more than identify the implementation costs. They would face up to the reality of the one-size-fits-all issue and they would carry the implementation challenge into the domain of project identification and design where the question of introducing the dimensions of time and place into multilateral rules would have to be faced.

Perhaps the tightest link relates to “commitments whose implementation would require support for infrastructure development.” This language was agreed as part of the language on trade facilitation in the WTO’s 2004 Work Program. This further specifies that “developed-country Members will make every effort to ensure support,” but “where required support and assistance for such infrastructure is not forthcoming, and where a developing or least-developed Member continues to lack the necessary capacity, **implementation will not be required.**” (WTO July Work Program, Annex D, paragraph 6, emphasis added) To the extent that the Doha negotiations addressed the issue of tying implementation assistance to implementation obligations, they did so by relaxing the obligation to implement rather than by tightening the obligation to provide assistance.

Hong Kong Ministerial Declaration¹⁰

The work program agreed at Hong Kong in December 2005 continued the emphasis on issues of interest to developing countries. As to how these issues are perceived, “special and differential treatment” is particularly prominent; the phrase appears 23 times in the 45-page Declaration (including the annexes). By comparison, “liberalize” or “liberalization” appears nine times.

The substance of such treatment includes liberalization of trade in products of export interest to developing countries, e.g., agriculture with emphasis on cotton, and the commitment by developed country Members to provide duty and quota free access to imports of most products from LDCs by 2008. Lesser liberalization by developing countries is also prominent. Examples

⁸ This is a matter of particular importance to landlocked countries, whose surface shipments of exports and imports must transit through other countries.

⁹ The July 2004 Work Program furthered also the shift of WTO attention toward dealing with the implementation requirements of future negotiations rather than resolving those created by the Uruguay Round Agreements. The Work Program devotes only eight lines in a 778 line document to “those elements of the Work Program which do not involve negotiations.” (paragraph 1.h)

¹⁰ WTO (2005).

are smaller coefficients for developing countries on the formulas by which tariff cuts will be determined and LDCs will be given an additional seven years grace period on meeting the obligations of the existing agreement on trade-related investment measures.

The word “assistance” appears in the declaration 34 times. The Declaration continues the consideration of aid or technical assistance to help developing countries participate in negotiations and implement obligations. It also broadens considerably the scope of assistance taken up:

Aid for Trade should aim to help developing countries, particularly LDCs, to build the **supply-side capacity and trade-related infrastructure** that they need to assist them to implement and benefit from WTO Agreements and **more broadly to expand their trade.** (paragraph 57, emphasis added.)

The same paragraph invites the WTO Secretary General to appoint a task force on how to make aid for trade operational, and to consult with other relevant organizations and agencies on these matters.

The negotiations on trade facilitation

The Hong Kong Ministerial Declaration reports that some sixty written submissions have been submitted to the Negotiating Group on Trade Facilitation. These include:

- National Experience papers describing reforms undertaken;
- proposed or suggested measures to improve and clarify the GATT articles covered by the negotiating mandate;
- proposed or suggested provisions for effective cooperation between customs and other authorities on trade facilitation and customs compliance; and
- proposals or suggestions for enhancing technical assistance and support for capacity building on trade facilitation, and for the practical application of the principle of special and differential treatment.

The proposals to clarify and to improve the GATT articles provide useful suggestions, e.g.:

- China (TN/TF/W/26): There should be a reasonable interval (e.g., at least thirty days) between the publication of regulations and their implementation or enforcement.
- Korea (TN/TF/W/18): Much of this paperwork and document-related costs can be reduced if the following suggestions were implemented:
 - Acceptance of commercially available information and copies of documents;
 - Harmonization and standardization of document formats;
 - Use of a ‘single window’ where traders can submit all the necessary documents and data to a single agency. (Para 7); and
 - Accepting copies of documents in lieu of originals for import and export can also greatly streamline the customs process. Customs can, if necessary, always request the original documents at a later time. (Para 10)
- Bolivia, Mongolia and Paraguay have provided suggestions for streamlining transit trade into landlocked countries, e.g., standardizing the documentation requirements for transit through different countries and for different routes through the same country.

Identifying concrete implementation needs/support

None of the proposals has yet been the subject of an implementation audit. Several Members however have offered proposals on arrangements to determine the assistance needs of individual developing countries with regard to proposed new obligations.

One of the more elaborate of these is from the European Union (TN/TF/W/46). The EU suggests that the WTO and other organizations (the World Bank, World Customs Organization, UNCTAD, OECD, regional development banks, etc.) could establish and operate a “platform” for international cooperation on the provision of technical assistance and capacity building for trade facilitation. The platform would help Members take stock of trade facilitation needs in relation to the provisions/obligations emerging from the negotiations. It would also help each eligible Member identify if and what kind of technical assistance and support for capacity building would be needed to support implementation over what time frame.

The United States has offered a similar suggestion without mention of a specific platform:

The unique situation of each individual Member regarding implementation of the proposed commitment could be addressed early in the negotiations through the use of diagnostic tools providing an assessment of specific needs, which can lead to appropriate and workable transition periods combined with assistance targeted at individual situations. (TN/TF/W/13, Section V.)

Switzerland and Pakistan have proposed a system under which each developing country, in cooperation with a bilateral or international agency of its choice, would develop an action plan for implementing new WTO rules. After a “pledging session,” the action plan and pledged assistance would be reviewed by the WTO Trade Facilitation Committee. Endorsement by the Committee would mean acceptance of the rules as legal obligation by the developing Member, and the assistance pledges would likewise become legal obligations. If the assistance was not provided, the developing Member would be freed of its obligation to implement.¹¹

The proposal focuses on making assistance a legal obligation but implicitly an implementation audit would be part of the preparation of the action plan. The developing Member would not want to take on legal obligation to implement until it was confident that implementation of the rule would be a constructive use of resources, the implementation plan was workable, and that the funding was adequate.

So, as far as negotiations were concerned, the flaw in the schemes to conduct implementation audits was not in the underlying ideas; **it was that they were not executed.** The Doha negotiations were under way from 2001 to mid-2006, but no such platform has been created and no such implementation audits were conducted or even proposed – for **any** of the proposals.¹²

Development bank experiences suggest that it would not have been feasible to conduct implementation audits in time to accommodate the Doha Round calendar. The Hong Kong

¹¹ WTO, Communication from Pakistan and Switzerland on Development-Related Issues in Trade Facilitation, TN/TF/W/63, 19 September 2005. The proposal does not specify how the obligation would be lifted, e.g., by action of the Trade Facilitation Committee or of the dispute settlement process.

¹² Perhaps the negotiations work program should have required that each proposal include such an implementation audit.

Ministerial Declaration (December 2005) asked that the round be completed in calendar 2006. But World Bank experience shows that even after project identification, the process of project design and appraisal usually requires 18 months to complete (Annex 2 provides the timetable for a recently completed project).

Moreover, project identification and preparation presupposes the existence of an overall development strategy (for poorer countries, a Poverty Reduction Strategy Paper). Also in the background will be a Country Assistance Strategy, CAS. The CAS, produced by the Bank in co-operation with the government and stakeholders in the country, outlines a program of Bank Group support linked to the country's development strategy – it provides the guidelines for maintaining coherence among the various parts of a development plan.¹³ Thus, the US suggestion to examine the unique situation of each individual Member regarding implementation of the proposed rules came too late to be practical.

The only available alternative would have been to accept the fact that the rules written into a Doha Development Agenda agreement would be unaudited when the negotiations were completed. Members would have had to take decisions on new rules **before** they knew how implementation would be undertaken, how much it would cost, or even if such use of resources it made development sense.

Looking to future negotiations, unless each proposal is accompanied by an implementation audit, there are only two possibilities for creating a link between obligation to implement the new rules and obligation to provide assistance:

- The African Group proposal (TN/TF/W/56, summarized in Annex 3). Implementation would not be an automatic legal obligation. Acceptance of the new rules or standards as legal obligations would be taken up as a follow-up negotiation of review of usefulness and cost, conditioned on provision by developed countries of assistance that is – in the view of the recipient country – effective, long-term, sustainable and adequate to implement the new commitments.
- Make implementation of unaudited obligations, as in the Uruguay Round Agreements, a legal obligation. A developing member would be able to request an extension of implementation deadlines; discussion of that request would include an implementation audit and take up the provision of assistance.¹⁴

The first of these, the African Group proposal, follows the thrust of the July 2004 Work Program. The second parallels the Uruguay Round outcomes that have already proven unsatisfactory.

The Aid for Trade Task Force Report

The WTO Task Force on Aid for Trade tabled its final recommendations at a meeting of the General Council on 27-28 July 2006, the same meeting at which the General Council voted to suspend the Doha round negotiations. The mandate of the Task Force was to “provide

¹³ The World Bank webpage on “The Project Cycle” provides information on the steps in the process and links to information about particular projects. From the Bank’s home page, click “Projects and Operations,” then “Project Cycle.”

¹⁴ To allow for requests for permission from the WTO Membership for extension of deadlines for implementation.

recommendations on how to operationalize Aid for Trade.”¹⁵ Their recommendations are listed in summary form in Annex 10.

The Task Force repeats familiar exhortations: recipients and donors should pay more attention to trade, donors to be guided by priorities identified by recipient countries, beneficiary country ownership, mainstreaming of trade into aid and development plans, coordination and harmonization among donors, South-South cooperation, attention to regional as well as country needs, accountability, results-based management, assignment of responsibilities, and monitoring and evaluation.

The Task Force recommends an annual debate in the WTO General Council on aid for trade. This debate is to be supported by a published global review of aid for trade by a WTO monitoring body. The global report should draw on aid for trade reports from recipient and donor countries, regional entities, international agencies and the private sector. The recipient country reports should cover mainstreaming, formulation of trade strategies, needs assessments, donor responses, implementation and impact of aid for trade programs and projects. Donor reports should cover mainstreaming, amount of funds dedicated to aid for trade, how they intend to meet aid for trade announced targets, and aid for trade categories covered by their programs. The information required should be mandated – “possibly,” the Task Force qualifies – by WTO notification requirements.

Perhaps the major shortcoming of the Task Force is that it did little to “operationalize” its recommendations. The Task Force also does no more than to suggest that “mainstreaming,” and “coordination,” be “strengthened” or “made effective.” In a document that provides 32 bulleted recommendations the words “effective” or “effectively” occur 21 times, the word “strengthen” occurs 18 times.

Similarly, the recommendations for WTO monitoring of aid for trade are rich in “What,” lean on “How” or even “Who” is to execute each of them. As a step toward “operationalizing,” in Annex 11, I have attempted to identify the “Whom” - on whom responsibility for executing each recommendation might fall. For some, the “Who” is obvious, e.g., “recipient countries” should mainstream trade into their development strategies. For others, it is difficult to identify the “Who,” e.g., “establish a system of data collection and analysis at country level.”

Identifying the “Who” for the elements in the WTO monitoring of aid for trade suggests that a lot of work is implied.¹⁶ There are, for example, 174 recipient countries and 28 donors (listed in the WTO/OECD database) that would be obligated to provide country-level reports, 33 regional trade agreements (listed on the WTO web page) that might be expected to provide reports, plus international organization reports, and private sector reports. Though not listed by the Task Force, it would likely prove difficult to refuse inclusion of civil society reports. A WTO monitoring body would pull together information from all these reports in order to provide a global report – this to support an annual debate on aid for trade in the WTO General Council.

The Task Force report displays the dominance of intermediaries¹⁷ values that have rendered impotent the Integrated Framework – dominated by intermediary ownership, deprived of

¹⁵ WTO (2005) paragraph 57.

¹⁶ There is no indication in the report that the Task Force examined even this elementary dimension of making its recommendations operational.

¹⁷ Generally taken to mean the staffs of multilateral and bilateral development agencies.

ownership by either donors or beneficiaries. In the report's list of thirteen "major challenges/gaps,"¹⁸ the first twelve are administrative matters such as mainstreaming, linking mechanisms, monitoring, coordination, and coherence. (To take the most politically correct of the list, "mainstream," is an intermediary's value – something intermediaries insist developing country governments must do in order to correctly manage their people's interests.) Resources for infrastructure and enterprise capacities comes 12th; only "uneven country coverage" comes lower. Aid for trade must satisfy a dozen or so **administration** criteria that the **intermediaries** specify and at the same time display beneficiary country ownership and minimize administrative costs. Such stipulations, like "focus, *inter alia*" (p. 10) are non-sequiturs.

4. Aid for Trade: Progress and Contributors

The international community has recently expressed considerable concern over support for implementation of WTO obligations. As a result, the general level of aid for trade has substantially increased. Annex 4, constructed from the WTO/OECD Trade Capacity Building Database (TCBDB), shows however that the increase in aid for trade amounts has not reached the Least Developed Countries (LDCs) – both the percentage of the total aid for trade and the absolute amount has declined for LDCs since 2001.

The WTO-OECD survey of aid for trade brings out many important dimensions:

(a) Aid for trade has increased significantly for the more advanced developing countries and less rapidly for Sub-Saharan countries. For the LDCs, aid for trade was less in 2004 than in 2001.

(b) There are many providers: 26 regional and multilateral international agencies; and 28 countries, including four developing and transition economies.

(c) Aid for trade covers a wide range of activities, many involving complex processes and requiring specialized knowledge. Activities are listed in a table (List D) under Annex 9. The two major categories are Trade Policy and Regulations, and Trade Development. A large part of aid that falls in the former relates to the capacity to participate in the WTO and in regional trade organizations. The latter includes a wide range of activities intended to help traders identify markets and develop attractive products, communicate with other businesses and generally become a part of the international business network.

(d) It is difficult to draw a line between aid for trade and other forms of assistance. Improved roadways, for example, may be intended to support rural development, but will also increase the likelihood that products will reach distribution centres that are connected with international trade. Because it is difficult to draw this line, the WTO-OECD database also tabulates assistance for infrastructure – transport, storage, communications and energy – without attempting to isolate what will support increased trade and what will not directly relate to trade. It is hard to separate trade facilitation from economy-wide improvements of transport and communications infrastructure. Moreover, infrastructure includes improvements of ports and airports and of roads and railways that connect directly to trade-related activities. Hence a significant but unidentifiable amount of support for infrastructure is directly trade supportive.

(e) Assistance to least developed countries for infrastructure increased 2001-2004 – by almost 70

¹⁸ The Task Force does not identify "To whom" or "In what" these challenges/gaps apply.

percent. Twenty-two percent of assistance for infrastructure went to least developed countries in 2004, as compared with less than 15 percent in the other two categories.

(f) Improvements in the areas of trade facilitation that the Doha Work Program includes are often a part of larger projects. As complements to broader improvements of facilities and enterprise capacities, they are more effective than they would be as stand-alone efforts.

With more than fifty providers, there are a large number of programs for aid for trade. This section reviews three of the key existing multilateral programs that can provide lessons for how aid for trade could be administered. These are the Joint Integrated Technical Assistance Program (JITAP), the Integrated Framework for Trade-Related Technical Assistance to LDCs (IF), and the Standards Trade Development Facility (STDF). The WTO has been an active partner in each of these initiatives. The first two programs cover a wide range of trade-related needs, while the STDF deals specifically with product standards.

JITAP

JITAP is a joint endeavour of the WTO, UNCTAD and the International Trade Centre, focused on responsibilities associated with WTO processes and obligations. It was created in response to a call from African Trade Ministers, in October 1994, for help to strengthen their capacity to participate in the WTO and to take advantage of trade opportunities. The program also provides support to develop strategies to help potential exporters.

One function of JITAP is to facilitate communication within the beneficiary country among the parties that have responsibilities for trade-related matters. This responds to a perception that Geneva delegates would benefit from closer contact with ministries and other interested parties at home who had operational responsibility where the international community was considering rules, e.g. agriculture, health ministries and sanitary & phyto-sanitary regulations. The effort involves organizing groups of interested parties and facilitating communication among them. For example, the Botswana National Committee on Trade Policy and Negotiations has 22 members from the public sector, private and para-statal enterprises and organizations, academia, trade unions, research organizations and consumer organizations. To support wider discussion, JITAP supports seminars and the training of trainers on WTO and trade-related issues. It also helps to create national Reference Centers for trade and WTO information – trade-related publications and on-site links to trade-related websites and databases.

Another way in which JITAP helps a country to manage its WTO-related affairs is through the creation of Enquiry Points required by the TBT, SPS, TRIPS and GATS agreements, and similarly to meet the notification requirements of WTO agreements.

Kenya's assessment of its participation in JITAP (presented at UNCTAD XI) reports that trade issues are now widely discussed in government, private sector and civil society. This networking has provided widespread sharing of positions taken, contributed to Kenya's active participation in the 3rd, 4th, and 5th WTO Ministerial Conferences, and strengthened linkages between the Geneva delegation and at-home ministries. Though the government's report was perhaps too modest to add the point, this constructive participation begins with capable persons – where these are present, the information-gathering and networking that JITAP supported proved to be supportive and productive.

Integrated Framework

The Integrated Framework for Trade-Related Technical Assistance for Least Developed Countries (IF) was inaugurated in October 1997 by six multilateral institutions: IMF, ITC, UNCTAD, UNDP, World Bank and the WTO. Its original purpose was to help least developed countries identify their needs for trade-related assistance and to bring the governments together with potential donors to develop a program of support. It has since been modified to include support to help LDCs “mainstream” trade into the national development plans such as the Poverty Reduction Strategy Papers (PRSPs).

One of the IF’s major instruments is the preparation of Diagnostic Trade Integration Studies (DTIS). These studies identify needs for trade-related assistance and link this trade support program to the country’s overall development and poverty reduction strategy. The DTIS for Lesotho, for example, covered a wide range of issues, from macroeconomic policy to constraints on the expansion of the local garments industry. It pointed out many problems. The small sampling below illustrates the range of the issues covered:

- The government does not maintain a centralized inventory of ongoing support projects.
- The analytical capacity of some donors’ local representatives does not include trade issues.
- Expansion of the local garments industry depends on improved infrastructure – including electricity, telecommunications, and water. But Lesotho is a small, landlocked country whose infrastructure must necessarily be integrated with that of South Africa. Hence improved trade is complicated by the need for international arrangements.

Before a DTIS is undertaken, the country organizes a Steering Committee that brings together trade-related interests in the country. In Cambodia, for example, the DTIS was discussed at a national workshop. Based on the discussions at the workshop, in which the major public and private stakeholders participated, a program of technical assistance was formulated. The main areas in which Cambodia requested technical assistance included macroeconomic policy and trade policy. Areas identified in the latter included WTO accession, institutional capacity, customs and transport, and sectoral activities in agriculture, handicrafts, fisheries, garments, tourism and labour services.)

An IF Trust Fund was created in 2001 with two funding instruments, Window I and Window II, with voluntary contributions from multilateral and bilateral donors. Window I finances the preparation of the DTIS, while Window II provides ‘bridging money’ for small assistance or capacity-building activities that are part of the DTIS Action Matrix. Funding of the Action Plan comes primarily from bilateral donors as part of the overall response to national poverty reduction strategies.

In September 2005, the World Bank - IMF Development Committee endorsed a proposal for an enhanced Integrated Framework, including expanding its resources and scope and making it more effective. Subsequently, a task force made up of donors and LDCs was set up to develop proposals for such an enhancement. The recommendations of the task force were adopted in July 2006.¹⁹ The task force recognized the lack of LDC ownership and the failure of the IF to follow its extensive diagnostic work with financial support. Chief among its recommendations were (a) the creation of a new independent executive secretariat in Geneva, administratively housed in the WTO Secretariat, which would take operational decisions; (b) significant strengthening of capacity in each LDC recipient country, funded by the IF, to manage the IF process; and (c)

¹⁹ WTO. 2006a.

increased funding.

The output of the Integrated Framework program is listed in Annex 5.

Standards Trade Development Facility

Market access programs such as the US African Growth and Opportunity Act (AGOA) and the EU's Everything But Arms (EBA) have provided opportunities for poorer countries to expand their exports of food products. Lack of capacity however to certify food products as meeting international standards has sometimes prevented such opportunities from being exploited. To complement such market access initiatives, five international agencies (FAO, OIE, World Bank, WHO, and WTO) in 2002 established the Standards Trade Development Facility (STDF) to assist developing countries augment their public and private capacities to implement sanitary and phytosanitary standards, particularly for agricultural products destined for international markets. The WTO accepted to serve as the executing institution. The philosophy behind the program is that meeting the demands of international trade will not only increase export earnings, it will also help to elevate the standards of human and animal health at home.²⁰

The STDF website²¹ lists 18 projects that the facility has supported. The larger part of them are for project preparation, for example, to assist the government of Cameroon in the preparation of a project on the basis of technical assistance needs identified by the government of Cameroon and submitted to the WTO's SPS Committee (G/SPS/GEN/401). The project will use FAO-developed guidelines to evaluate the food control system in Cameroon and to design an enhancement project.

Another example includes the STDF supporting the development of a regional and national training program for delegates to the World Organization for Animal Health (OIE) and to deliver this training through the regional offices of the OIE. The project aims to ensure greater coordination at the regional level between STDF partners, both in regular activities and in the delivery of technical assistance. A pilot workshop was held in April 2005 and the training program has since been integrated with WTO regional workshops in 2005 and 2006.

Pluses and Minuses

The JITAP and the STDF have been generally well-received; the Integrated Framework less so. Interviews conducted with users of these programs raised the following points:

JITAP's efforts to bring together trade ministries and other parties with an interest in trade and specifically the trade-related areas that WTO agreements now regulate was welcomed – and it met a perceived need. People in government found it useful to bring together the interested parties, to collect information and to form their own positions in light of the information and the inputs from interested parties. Likewise, the focus of support on requirements in the WTO agreements (i.e. enquiry points and notifications) was welcomed. In some cases the notifications required by the WTO agreements spurred the tabulation of needed information on the government's own actions that had not previously been collected. Respondents pointed out that JITAP's scope did not extend into the much-needed areas of building enterprise capacities and

²⁰ This discussion is based on information from the STDF website, at www.standardsfacility.org/

²¹ As of March 24, 2006.

infrastructure.

Comments on the Integrated Framework also indicated that the creation of steering committees of trade-related interests had been valuable, as it had broadened awareness of potential donors. Less favourable comments pointed to the complicated management structure: i.e., an overview Steering Committee with representatives from agencies, donors and least developed countries; an Integrated Framework Working Group chaired by the WTO and made up of the six participating agencies and of each least developed country. (The DAC/OECD Secretariat is an observer.)

Others acknowledged that while the DTIS assembled information well, they have added little to information already available, such as the problems listed above that were reported in the Lesotho study.²² LDC governments have valued the networking that resulted from bringing together ministries and other interested parties in the DTIS process and in the national workshops and follow-up discussions that were part of the process, though the JITAP accomplished this with a much smaller administrative overhead. The impact here was more to bring trade interests together than to communicate links between trade reforms and the national development strategy.

These comments are consistent with the tabulation in Annex 5 of the output of the Integrated Framework. The provision of assistance for supply capacity, e.g., \$333,300 to support the cultivation of citrus and patchouli in Burundi, was for activities already on the government's program when the DTIS was conducted.

As to the nature of the projects supported, of the 16 projects listed on the Integrated Framework website, ten provided support for negotiating capacity, information and networking, and two supported the development of export plans for particular sectors – again the sort of support the JITAP provided with a smaller administrative overhead. Four Integrated Framework Window II projects were to augment the supply capacity of enterprises.

5. Evaluation – Negative Points

The aid for trade discussion spans two objectives: first, to motivate sources of funds, and second, to ensure the effective use of these funds. We should keep in mind that the two are related, but different.

Uruguay Round Outcome

The development issues that resulted from the Uruguay Round stem from the following characteristics of the UR outcome:

- Imbalance, measured in real economics as well as in the mercantilist concessions given and received between developed and developing countries.
- Implementation of new areas of agreements requires significant amounts of money.
- The demands of the agreements – taken in large part from current practice in the more advanced economies – are not always good development advice.

The latter of these is sometimes labelled as the “one-size-fits-all” problem. It arises because the

²² A somewhat cynical comment from a person with country responsibilities in a development agency: “The Integrated Framework has been a good way for consultants to learn their business; it has not added much to what I know about [country name].”

international community has applied regulations through the WTO to institutions that constitute the basic structure of the economy, not just the interface between the domestic economy and the international economy.

The Doha Negotiations have not faced the one-size-fits-all issue.

The one-size-fits-all problem has received minimal attention. There are proposals for platforms or processes at which the legal obligation to implement new rules would be matched with the obligation to provide assistance. However, little attention has been paid to determining if such rules can in reality be tailored to a specific time and place, so that the investments they demand for implementation will have a reasonable development payoff.

Though there were proposals for the required implementation audits, given what we know from development institution experience, it would have been impossible to conduct these within the agreed Doha Round calendar. Whether or not the agreed rules make development sense – or how they might make development sense in each developing Member’s situation, could only have been taken up after the rules were written. If the WTO negotiations resume in this manner, decisions on what reforms will be mandated will not be informed by needs assessments or cost estimates. Each developing country would have to take decisions on what it accepted as mandated reforms without knowledge of the usefulness of the reforms and the cost implications for implementation.

The Task Force recommendations of operationalizing aid for trade did not address how WTO obligation and implementation assistance might be linked; i.e., did not examine how to make operational the implementation assistance specified in WTO agreements.

What has gone before? Or what happens outside of Geneva?

The proposals in the Doha negotiations display inexperience on what development institutions do and a lack of knowledge of what has gone before. These proposals for platforms and process include the following steps:

- Inventory of WTO proposals for trade facilitation rules,
- Assessment of countries’ needs and priorities,
- Inventory of trade-related assistance under way or committed,
- Determination of the appropriate sequencing of the needed measures,
- An Action Plan – including appropriate special and differential treatment, and
- Pledging meeting with donors.

The revised Action Plan expresses commitments by the Member who will implement the plan and the donors who will provide assistance.²³

Not surprisingly, these are identical to the steps agreed in 1997 when the Integrated Framework was created. The owners of the Integrated Framework have already revised it once and are currently doing it again – to expand it and to make it more effective. Its lack of performance may be related to its structure rather than its execution or its money. And, as explained above, the mode that negotiations have followed means that decisions as to which obligations will be

²³ The Switzerland-Pakistan proposal would take up the legal obligation of the matter by submitting the Revised Action Plan and Pledges to the WTO Trade Facilitation Committee for review. After TFRC review, the obligations – Action Plan and Pledges – become binding.

included in an agreement must be made before their usefulness and costs can be assessed.

Needs assessments

A major flaw in these proposals is that they include “needs assessment” as a basic element. The experience with the Integrated Framework and other aid for trade instruments suggest that (i) needs assessments are not needed, (ii) are impossible to do, (iii) duplicate what development institutions do, and (iv) that when these assessments are done, they are ignored.

Not needed

Development institution staff with country responsibilities commented that the needs assessments provided by the Integrated Framework DTIS provided them with no new information. They are already aware of many needs and the more needed step was project identification and design. The operations that the Integrated Framework Window II financed were not newly identified by the Integrated Framework needs assessment; in fact, 12 of the 16 were projects similar to those supported by JITAP, which had no needs assessment component.

The self-examinations of implementation of the WTO TBT and SPS agreements have brought to light a number of things that need fixing. The next important step is project identification and design. To the extent that “needs” are to be identified, any person with operating responsibilities can provide immediately a long list. The issue, therefore, was not to determine where money is needed, but to determine how the limited funds can be put to use in the most productive and efficient way. Project design and cost-benefit analysis therefore become relevant tools for this allocation.

Impossible to do

World Bank staff have attempted to work from the perspective of identifying “gaps” between needs and resources available. These people are dedicated to development and poverty reduction, and by technical competence, they are at the top of their field. To determine a dollar amount, they resorted to “gap” models and these models have been shown, by their own research, to misrepresent the development process.²⁴ Negotiating proposals pass over this problem by stating that “in-depth analysis” is needed. But experience indicates time and again that the resources and technology to do this do not exist.

What development institutions do?

The challenge that negotiators face is to write these multilateral rules and obligations and tie them down to the specifics of each individual country’s situation. Though some proposals acknowledge the need for “in-depth analysis,” the discussion at the WTO has made no progress as to how to fit obligations to specific country situations.²⁵

Development institutions, on the other hand, do this on a regular basis – apply legal obligations to the specifics of the individual countries. To a development institution, legal obligation is always country and project specific. For example, the World Bank may support education in both Senegal and in Mali. However, in Senegal, it is used to train teachers, while in Mali, support is

²⁴ These experiences are reviewed by Easterly. 2005.

²⁵ Consider the following exercise in geometry: *Given line segment A-B and point C (that does not lie on line A-B), construct a perpendicular bisector to A-B that passes through C.* Generally speaking, you can construct a perpendicular bisector to A-B, or a bisector to A-B that passes through C, but not a line that satisfies both conditions. The GATT drew perpendicular bisectors, the development banks passes bisectors through point C. Negotiation is not likely to find a way to do both, simultaneously.

for building school houses. Or the World Bank may have an education project in one country but not in the other.

Each loan contract will impose obligations on the receiving country. It will include measures that the government and the Bank have agreed are appropriate to monitoring the progress and the effect of the project. It is always the result of a long process of project identification and design in which both the Bank and the government have taken an active role together.

For trade negotiations to work, the “platforms” that the WTO might create will have to duplicate the day-to-day work of these development institutions.

The WTO is not a development institution

Or is it? That statement has become a cliché – a mantra recited to pre-empt criticism as one proposes another extension of WTO rules beyond the management of trade policy further into institutions and regulations that are primarily about the structure of the domestic economy.

Trade facilitation is, of course, “trade-related.” Major components of trade facilitation – e.g., public service efficiency, transportation, and communications – are more about institution-building than about restriction-removing. Moreover, these are part of the basic structure of an economy; their development dimension is broader than their trade dimension. The “**more than trade-related**” nature of these policies and institutions challenge the capacity of the WTO to act as a development institution.

A hopeful reader might want to interpret the Task Force report as a plea for the international community to get serious about building in poorer countries the enterprise capacities and the infrastructure important to doing international business. The Task Force report however emphasises WTO review of other organizations’ work. It prominently arrays all the concerns of intermediaries but pays no attention to donor interests. That attitude is not likely to be read as encouraging by institutions and agencies that do have the expertise and the resources needed in this area.

6. Evaluation – Positive Points

According to data through 2004, the amount of aid for trade has increased (see Annex 4). The amount of assistance for infrastructure, which is impossible to separate from aid for trade, has also increased. Have developed countries honoured their Uruguay Round commitment to provide implementation assistance in exchange for developing countries taking on new obligations? It is impossible to answer the question. Because there have been no implementation audits on the Uruguay Round obligations, it is impossible to say if the amount of aid for trade provided has been sufficient to finance the investments needed to meet these obligations.

For Sub-Saharan African countries, the amount of aid for trade increased in 2001-2004, but less so than aid for trade to other developing countries. For the least developed countries, the amount of aid for trade has not increased, but the amount of assistance for infrastructure has increased. It is not possible to isolate the amount of this investment in infrastructure that solely increases the countries’ capacities to produce tradable goods and services.

Sorting out trade facilitation proposals where a multilateral rule might be helpful.

The WTO Secretariat has compiled a useful list of proposals made in the Doha negotiations on trade facilitation.²⁶ The tabulation summarizes some 60 submissions and covers 82 pages.

For some of the items on the list, binding commitments might be workable and useful; e.g., publication of laws and regulations, and establishment of enquiry points.²⁷ In other instances, e.g., training facilities for officials, and preparation and dissemination of a code of conduct for officials, the benefit will be from the effect of these actions rather than from the actions themselves. A single window for customs clearance should reduce clearance time and cost. It would not however do this if behind that window, the same inefficient processes existed as before. The relevant performance measures here are time and cost of overall improvement in efficiency, not performance of a mandated action.

In a recent paper, Jean Christophe Maur has provided the beginnings for sorting proposals where binding commitments might be workable and useful.²⁸ It might be productive to carry on such work.

Is there a need for legal obligation to spark reform?

The GATT legal system has been a useful mechanism for developed countries to reduce their trade barriers. It provided a mechanism to organize export interests as an effective force against the import-competing interests that had dominated trade politics.

Liberalization in developing countries has been in great part sparked by the realization, country-by-country, that integrating their economies would provide a needed stimulus and source of discipline for their economies to achieve the levels of productivity that other countries had achieved. There is already interest in developing countries in improved trade facilitation. The aid for trade provision in the Hong Kong Ministerial Declaration was a developing country initiative, put forward to advance their integration into the international economy rather than to retard it. This means that whatever multilateral rules the international community might apply should be judged only by their usefulness to guide the construction of useful institutions – not rationalized by the assertion that without **some** rules no reform will be undertaken.

Ownership

Aid administration has taken on seriously the idea of “ownership.” The word conveys a complex meaning, not only of the aid receivers seeing their own interests advanced by the reforms or construction being supported, but that the receivers see – in the actions, the problems and the solutions – something which they are doing for themselves rather than something that is being done for them. Mobilizing local groups to help with project identification, design and monitoring are critical parts in the programs of bilateral and multilateral institutions.

²⁶ World Trade Organization Negotiating Group on Trade Facilitation, *WTO Negotiations on Trade Facilitation: Compilation of Members' Proposals*, TN/TF/W/43/Rev.4, 31 October 2005.

²⁷ In a recent study of a different subject, Latin American governments' use of safeguards and antidumping to support their recent trade liberalization, my colleague Julio Nogués and I found that the notification requirements of the WTO agreements provided a useful push toward keeping systematic records that were useful for policy managers to direct performance toward their objectives. J. Michael Finger and Julio J. Nogués, *Safeguards and Antidumping in Latin American Trade Liberalization: Fighting Fire with Fire*, Palgrave Macmillan and the World Bank, 2005.

²⁸ Maur, Jean Christophe, *Trade Facilitation: What is the scope for capacity building in the WTO?* Manuscript, UK Department for International Development, 3 Feb 2006.

For the sake of analysis, separate the parties involved in aid as donors, receivers or intermediaries. The donors are the legislators who provide funds, and behind them the taxpayers who pay the money or ultimately would cover with their taxes the guarantees their national governments provide for the borrowings of development banks. Receivers are the governments of receiving countries and behind them are the people and enterprises whose lives should be made better by the projects that aid helps to provide. Everyone else involved is an intermediary, e.g., the staffs of the World Bank and of the UNDP and of bilateral development agencies.

Less often noted than receiver ownership is the idea of donor ownership. It is however particularly important in motivating the provision of resources, it can also be important for their effective use, e.g., the promotion of business-to-business contacts. France, for example, has identified support for the private sector as one of its assistance priorities.²⁹ The US Trade and Development Agency provides engineering and investment consultants to foreign companies to help them to develop plans for new products, production lines, etc.³⁰

Public goods

In its first decades after 1948, the GATT was an institution driven in significant part by systemic interests. Preventing another European war and later resisting the expansion of the Soviet Union were important for the governments who were the GATT's members to gain the authority from their peoples (in the US, through the formality of a vote by Congress). The WTO however is an institution driven by constituent interests. US trade negotiators are guided by 17 "United States Industry Advisory Committees," mandated by the US Congress because they viewed other country's negotiators as more closely tied to their business interest than were US negotiators.³¹

The WTO is not about "public goods," it is about bargains that serve constituent interests on both sides. Support for trade-related assistance can more readily be built on identifying reforms that have constituent support in both the donor and the receiver country than on appeals to the need for public goods.

Mutual interest

Developing countries do not have to depend on accepting WTO legal obligations to motivate assistance for trade facilitation and capacity building. Developed countries do not have to depend on WTO legal obligations to motivate developing countries to reform. Mutual interest is sufficient to motivate both, and is perhaps the best guide for effective use of resources.

Identify needs

Needs, experience shows, are evident. "Needs assessments" need only focus on making a list. After that, project identification and design are needed. Self-assessment of performance is often sufficient to identify further needs. Annex 6 provides an example. It lists some of the conclusions the government of the Philippines reached from its assessment of the management of its obligations under the WTO TBT Agreement. Annex 7 reproduces a submission from the government of Cameroon to the WTO TBT Committee, which provides a similar list of needs.

²⁹ OECD, 2005 Joint WTO/OECD Report on Trade-related Technical assistance and Capacity building, (at <http://www.oecd.org/dataoecd/27/4/11422694.pdf>) p. 26.

³⁰ The US TDA website is at <http://www.tda.gov/>.

³¹ The transformation from a public or systemic orientation to a constituent orientation is explained in J. Michael Finger, "The Future of the World Trade Organization: Addressing Institutional Challenges in the New Millennium – A Review," *Journal of World Trade*, vol. 39, no. 4, pp. 795-904, August 2005.

Similarly, a 400-word self-assessment from Cameroon of its TBT capacities has been the basis for a project preparation grant from the Standards Trade Development Facility.

In a recent WTO communication, the government of Egypt reviewed its current transit procedures, its approach to the determination and assessment of fees and formalities connected with importation and exportation, and its rules and procedures for publication and administration of trade regulations.³² The communication also outlined the government's vision of how these services would be improved in the future. Indeed, the communication indicates that the government in Egypt is aware of its needs and has in hand a program of improvement. The next step should be project identification – design, not more needs assessment.

Monitoring, evaluation and coordination

What is needed for this? A new “platform” or increased capacities country by country? Experience suggests the latter. Where JITAP and the Integrated Framework have been judged to be effective are in their contribution to help competent officials in the receiving countries to pull together needed information and to establish networks with interested parties inside and outside of government. The success of the self-assessments of implementation of the TBT Agreement indicates that this is a workable approach.

That aid will often be motivated by the interests of commercial constituents in the donor countries is not a negative. It is however a reason to ensure that the capacities exist in receiver countries to determine when the proposed assistance is in the interests of all parties as well. The JITAP and Integrated Framework experiences provide an example of where this can start. Trade Policy Reviews might be undertaken more frequently, with more emphasis on self-assessment and support for such capacity. Outside evaluation (particularly a dispute settlement process in which the complaint came from outside) promotes defensive ownership, not constructive ownership.

As mentioned above, there are 26 international and 28 bilateral agencies that provide aid for trade. That certainly suggests a need for coordination. Again the question is: should this coordination be provided by a new “platform” or by increased capacities country-by-country? Again, experience suggests the latter as the better alternative. A new platform would not lift national governments from the burden of coordination. Instead it would provide one more agent that national officials would have to deal with.

Suppose Toyota, in building a new truck factory, was approached by a large number of interested suppliers. Should Toyota tell them to get together and decide which should supply what and let Toyota know what they had decided? Dealing with the suppliers is a management problem that Toyota must take on for itself. Likewise, aid coordination demands building the relevant in-country capacities – resources, sustained commitment, and patience. The Tanzanian Ministry of Finance has an annual “quiet time,” April-August of each year, in which it will receive only urgent missions.³³ This fact is often cited as evidence of a coordination problem; one can also see it as part of a solution – a home-grown solution. They are usually the best kind.

³² WTO Negotiating Group on Trade Facilitation, *Communication from Egypt. Egypt's national experience concerning measures related to articles V, VIII and X of GATT 1994: future needs and priorities.* TN/TF/W/75, 15 November 2005.

³³ Birdsall, Nancy, Stewart Patrick and Milan Vaishnav, “Reforming US Development Policy: Four Critical Fixes,” Washington DC, Center for Global Development, January 12, 2006. page 9. at <http://www.cgdev.org/content/publications/detail/6237>

7. Putting things together

In discussing how the above points relate to a possible agreement on aid for trade, I will begin from the recent proposal submitted by Mauritius on behalf of the ACP Group of WTO Members.³⁴ It is perhaps the most complete of the proposals submitted.

The document starts from a crucial premise: trade facilitation for the ACP countries is about institutional development: systems, technology, equipment, personnel training and changes in management culture – It is more about such things than about new trade rules.

The proposal calls for:

- An inter-agency coordinating mechanism and trust fund that would (a) support developing country participation in negotiations; (b) help them to identify their needs and priorities for improved systems, infrastructure, regulations, etc.; and (c) help them to design improvement projects and to put such things in place.
- A study by the WTO Secretariat that would compile an inventory of available trade facilitation measures and tools, the physical and policy infrastructure needed to put these in place, the costs and time frames for such tasks.

Implicit in the proposals are two interrelated functions for an aid for trade agreement: (a) to provide generalized support for developing countries, as in the first point, above; and (b) to craft a bargain of bound obligations accepted by developing countries in exchange for bound assistance from developed countries.

The latter part of the agreement – a bargain of obligations and assistance, must both isolate proposals that will be productive for developing countries³⁵ **and** reflect a reliable determination of the costs of putting these reforms in place.

Each of these challenges is taken up below.

Identifying useful reforms

Before the Doha Round negotiations were suspended, the trade facilitation negotiations were moving towards the sorting phase in an effort to identify those proposals that would be useful for **all** Members. For example, a communication from Australia, Canada and the United States tagged proposals on the issue of advanced rulings on customs issues that in their analysis are common to all proposals on this topic; i.e., where Members who have submitted proposals appear to be agreed.³⁶ A similar communication from eight Members³⁷ covers the range of proposals on freedom of transit, again with the purpose of moving toward matters on which agreement is emerging.

³⁴ WTO document TN/TF/W73, 15 November 2005.

³⁵ Concessions by developing countries in the mercantilist language of negotiations, but beneficial reforms, in real economics.

³⁶ TN/TF/W/80 17 February 2006.

³⁷ Armenia, Canada, the European Communities, the Kyrgyz Republic, Mongolia, New Zealand, Paraguay, and the Republic of Moldova. TN/TF/W/79, 15 February 2006.

Implementation audits

Less progress was made in identifying the structures and costs of implementation.

For some of the proposals, the steps needed for compliance – such as publication and periodic review – can be readily determined. Here, the stated obligation is expressive of what must be done to meet the obligation.

The content of the other section, on reduction and simplification of procedures, is more guideline than mandate: “the progressive establishment of a single window,” “the use by traders of commercially available information,” “Members shall use risk management techniques,” “Members shall promote bilateral and regional transit agreements or arrangements.”

The bonded transport regimes paragraph marked below provides another example:

Bonded transport regime and guarantees: Members shall operate bonded transport regimes that allow the transit of goods through the territory of Members without payment of customs duties or other charges subject to the provision of an appropriate guarantee. Members shall ensure that guarantees required from transit operators are:

- Reasonable having regard to the conditions of transit and the nature and value of the consignment in question, and limited to the amount of customs debt or other charges which may be incurred in respect of the goods;
- Designed and applied on a regional or international basis to as great an extent as possible;
- Released promptly after the completion of the transit operation; and
- Released in full after the completion of the transit operation. (TN/TF/W/79 page 4)

To determine what must be done to meet an obligation so stated and what it will cost to do so is not a simple matter. If an obligation were worded as these proposals are, operational content might have to be added through dispute settlement process.³⁸ An additional difficulty is that WTO rules approach what they regulate from the perspective of reducing barriers to sales of foreigners’ exports. They provide a means by which foreigners, through their governments, can provide pressure for reforms that will advance their interests, but they do not provide a means for identifying the interests of domestic enterprises, say, in better facilities for moving their exports out of the country.

A quick WTO Secretariat review of reform experiences is not likely to provide the needed information on the structures and resources needed for implementation. Philip Schuler and I, in 1995, spent several months going through World Bank project experience to pin down the implementation costs of the Uruguay Round Agreements.³⁹ (This was our initial work on

³⁸ There have been complaints that where the dispute settlement process has had to take up the ambiguities of the safeguards agreements the process has not clarified what a Member must do to meet its obligations under the agreement – this being as lesser standard than interpreting the agreement in a way that guides Members toward applications that are economically productive. The best sources are Alan O. Sykes. 2003. “The Safeguard Mess: A Critique of WTO Jurisprudence,” *World Trade Review*, 2 (3) 261-95. and Alan O. Sykes. 2004. “The Persistent Puzzle of Safeguards: Lessons from the Steel Dispute,” *Journal of International Economic Law*, 7(3), 532-564.

³⁹ Finger, J. Michael and Philip Schuler “Implementation of Uruguay Round Commitments: The Development Challenge,” Ch. 7, pp. 115-129, in Bernard Hoekman and Will Martin, eds. *Developing*

implementation) We found it impossible to find project experiences that exactly matched the legal obligations on the agreements. The basis for our calculations was that the Uruguay Round Agreements, generally speaking, required countries to upgrade to established international practice. In a general way, the projects the World Bank supported had the same objective. The results provided a reasonable indication of costs, but nothing precise enough to approach the demands of a legal contract; *I will do ____ if you will provide ____ in support.*

As negotiations proceeded, delegates did constructively move toward sorting out proposals on which agreement seemed near. They were remiss however not to have begun the more difficult part of a possible obligation-assistance bargain, the implementation audits: What has to be done and what will it cost? If dealing effectively with the implementation issue had meant bound commitments to provide appropriate implementation assistance in exchange for bound obligations, implementation would have been another issue that prevented completion of the round.

A constructive obligation-assistance bargain

An obligation-assistance bargain will be of course only a part of a program of aid for trade. Trade capacity and infrastructure include much more than the Doha trade facilitation agenda. Moreover, there is no realistic possibility of having reliable implementation audits even for the tabled proposals that Members will agree provide useful development guidelines.

An immediate task would be for negotiators to focus on identification of proposals whose operational content is evident, such as the publication and notification rules taken up above. This would be a sorting in addition to the sorting now going on, among proposals which most members accept as useful versus those on which serious questions remain. Of course, implementation audits should be conducted.

Given the time-frame of the negotiations, negotiators will have to recognize that many of the proposals are unaudited guidelines and treat them as such. Here, the Africa Group proposal becomes relevant. Acceptance of obligations that add operational specificity to these guidelines will be a country-by-country process, in which implementation audits determine the specificity of what will be done as well as the resource needs.

Broader commitment to assistance and to development

Even if every proposal on the table had attached a full implementation audit, the scope of an aid for trade agreement would have to be much broader than the Doha Round trade facilitation agenda. Beyond the Doha trade facilitation agenda, the aid for trade agenda involves building negotiating capacity – capacity for developing countries to manage their affairs with trading partners through the WTO and regional agreements. It also involves infrastructure and enterprise capacities.

Many international and bilateral agencies now provide technical assistance and financing to build such capacities. The problem for developing countries is more to manage their relationships with these agencies than to motivate them to provide assistance.

Countries and the WTO: A Pro-Active Agenda, Blackwell, Oxford, 2001.

It might therefore be useful to think of the broader element of a WTO agreement on aid for trade as an approach to building this capacity to manage. Recent experience indicates that the most useful support helped government officials responsible for trade-related decisions gather information and build networks of interested parties.

Assessments of what needed to be done that stemmed from in-government reviews of how agreements were being used and to satisfy information requirements likewise proved to be useful – more useful than elaborate “needs assessments” that were often conducted by outsiders and generated no new information.⁴⁰ A new platform seems unnecessary. In the end, the responsibility for decisions and for coordination among the many agencies that provide support rests with national officials. A government might want to draw on a particular agency to help it to craft the tools needed for coordinating the inputs from many agencies, but no government will be satisfied with an outside “platform” that takes upon itself or is given the responsibility for such coordination.

A WTO agreement on aid for trade would be an expression of the international community’s commitment to support development and poverty reduction. This commitment however has many other expressions: the Millennium Development Goals, the existence of the development banks, the various national assistance policies, the recent increase in trade-related assistance, and many others. Given the ineffectiveness of the WTO as a venue for addressing even the development problems created by the Uruguay Round Agreements – most recently demonstrated by the matter not being addressed by the WTO Task Force charged to find ways to operationalize aid for trade – the development community should perhaps focus elsewhere its efforts to expand trade-related assistance.

⁴⁰ A commenter on an earlier draft pointed out that if these assessments had been done by local analysts they would have served to broaden the accessible base of human resources that are knowledgeable on the issues.

8. Annexes

Annex 1: Doha Decision on Implementation: Tabulation of Content by Subject

Subject	Number of items
Use or extension of special and differential treatment provisions	16
• less discipline on developing country policies	9
• more favourable access for developing country exports	7
Lengthen phase-in or phase-out (e.g., sanitary phyto-sanitary regulations, export subsidies)	10
Review to clarify certain points of the antidumping, subsidies and TRIPS agreements	8
Technical assistance	10
• to participate in the WTO or standards-related international bodies	4
• to implement WTO obligations	6
Reminder that Members have a legal obligation under TRIPS Article 66.2 to provide incentives for their enterprises and institutions to promote technology transfer to least developed countries.	1
Total	37

Source: Tabulated from WTO (2001) MINISTERIAL CONFERENCE, Fourth Session, Doha, 9 - 14 November 2001 Implementation-Related Issues And Concerns, WT/MIN(01)/17, 20 November 2001.

Annex 2: Timetable: Container Transport Project: World Bank – People's Republic of China Container Transport Project

(SPC: State Planning Commission; SETC: State Economic and Trade Commission)

1996	Project listed as a candidate project by the SPC
November 1996	Bank project pre-identification mission
May 1997	Bank project identification mission
November 1997	First project preparation mission
1997	Environmental impact analyst selected
February 1998	Second project preparation mission
March 1998	SETC approved the investment proposals from four provincial economic and trade commissions
April 1998	Bank pre-appraisal mission
July 1998	Appraisal
1999	SPC approved SETC proposal to use World Bank loan to finance
January 1999	Loan agreement negotiated
March 1999	WB Board Approval
September 1999	Loan agreement signed
June 2001	One province withdrew – difficulty in connection with acquisition of land.
November 2005	Implementation completion report

Source: World Bank, Implementation Completion Report (SCL-44440) on a Loan in the Amount of US\$71 Million to The People's Republic of China for a Container Transport Project. Report No: 33620, November 18, 2005

Annex 3: Summary Content of African Group Communication on Trade Facilitation (TN/TF/W/33 28 April 2005)

For the African Group, enhanced special and differential treatment, technical assistance, capacity building and implementation assistance are critical components, (paragraph 5)

Trade facilitation needs are enormous, intensive work is needed on how to:

- reduce transport and communications costs,
- enhance capacities of customs administrations,
- better integrate African enterprises and economies into international payments and insurance systems (paragraph 6).

Cost implications of proposals for new commitments should be fully addressed (paragraph 7),

Technical assistance and capacity building should be provided to assist during negotiations, to support:

- identification of research and capacity building proposals,
- needs assessments and prioritization,
- travel for capital-based experts to participate in the negotiations (paragraph 9).

Special and differential treatment should:

- be legally binding, precise, effective, operational,
- provide policy space and flexibility,
- condition implementation on provision by developed countries of assistance that is – in the view of the recipient country – effective, long-term, sustainable and adequate to implement the new commitments.

Annex 4: Aid for Trade: Amounts and Growth 2001 – 2004

	Amount US\$ millions				Percentage increase 2001 to 2004 percentage
	2001	2002	2002	2004	
Developing countries except Sub-Saharan Africa					
Trade Development	991	1,117	1,545	1,744	76
Trade Policy and Regulations	595	590	814	685	15
Trade Development, Policy and Regulations	1,587	1,707	2,359	2,428	53
Infrastructure	7,008	7,921	7,230	12,123	73
Sub-Saharan Africa					
Trade Development	363	215	503	440	21
Trade Policy and Regulations	55	67	120	127	133
Trade Development, Policy and Regulations	418	282	623	567	36
Infrastructure	2,138	1,306	2,100	2,680	25
Developing countries except Least developed countries					
	2001	2002	2003	2004	
Trade Development	987	1,106	1,699	1,870	89
Trade Policy and Regulations	524	586	778	716	37
Trade Development, Policy and Regulations	1,511	1,693	2,476	2,586	71
Infrastructure	7,196	7,751	6,620	11,507	60
Least developed countries					
Trade Development	368	226	349	314	-15
Trade Policy and Regulations	126	71	157	96	-24
Trade Development, Policy and Regulations	494	297	506	410	-17
Infrastructure	1,951	1,476	2,710	3,295	69

Source: WTO OECD Doha Development Agenda Trade Capacity Building Database (TCBDB). <http://tcbdb.wto.org/>

Annex 5: Integrated Framework Activities

Source: Integrated Framework web page (<http://www.integratedframework.org>), Accessed February 14, 2006

Countries are grouped by the most advanced stage of the Integrated Framework process reported: (i) Technical assistance or capacity building activities funded, (ii) DTIS Completed, (iii) Concept paper or preliminary mission aide memoire completed, (iv) Mission planned or Integrated Framework process suspended.

(i) Countries with reported technical assistance or capacity building (Window II) Support:

Burundi:

\$215,500 to install an ISO 9000 system among Burundi enterprises.

\$333,300 to support the cultivation of citrus and patchouli. Patchouli is a shrub whose leaves produce a fragrant oil used in production of perfume.

\$150,000 to support production of PVC tubes.

Cambodia:

\$500,000 to establish a team of experts on WTO, ASEAN, etc. affairs; particularly intellectual property, commercial law development trade promotion, website development and management. Conduct an export quality fair, training in trade policy and trade negotiation skills inside and outside government.

Djibouti:

\$335,000 to develop a strategy and action plan to further expand the tourism industry.

Ethiopia:

\$350,000 to augment the government's capacity in trade policy analysis, formation, including creation of a trade documentation and information center

\$300,000 to develop a plan for export diversification plan, with emphasis on laboratories, etc. to meet export market standards; including networking among producers, government.

Guinea:

\$250,000 to train trainers on WTO, etc., affairs, conduct workshops for government and non-government interested parties. 30 March 2005

Madagascar:

\$679,000 to train experts, conduct workshops, to improve the capacity of the government to participate in trade policy formation, negotiations.

Malawi:

\$524,000 to build capacity for trade policy analysis and negotiation including training, review of existing agreements, website construction

Mali:

\$150,000 to fund a study of the potential of the music industry.

\$500,000 to improve the quality of mangos produced in Mali

\$165,000 to create a unit in the government to administer the projects above and to conduct a round table on the DTIS.

Mauritania:

\$183,000 to develop a plan and pilot project to further develop fisheries industry.

Nepal:

\$665,000 to establish a national trade advisory board, train customs officials, computerize entry points, strengthen TBT and SPS enquiry points,

Yemen:

\$350,000 to assist establishment of a Yemen – Saudi Arabia exchange of expertise to build Yemenis' capacity in food standardization, quality control, including food laboratories; fruits and vegetables.

(11 countries)

(ii) DTIS Completed:

Rwanda: DTIS Final Draft, November 1, 2005

Lesotho: DTIS November 20, 2003

Senegal DTIS March 12, 2003, Action Matrix June 9, 2003

Mozambique: DTIS Completed, national workshop September 2004

Zambia: DTIS October 10, 2005

(5 countries)

(iii) Concept Paper or Aide Memoire

Benin: Concept note for DTIS, dated April 2004 is the last entry on the webpage.

Lao PDR: Undated Concept Paper is the last entry.

Burkina Faso: Aide Memoir July 2, 2005

Sao Tomé & Príncipe: Concept paper 2nd draft June 10, 2004

Sierra Leone: Aide Memoir mission July 4-8, 2005

Chad: Aide Memoire June 2, 2004; Concept paper undated

Tanzania: Concept paper not dated.

Uganda: Concept paper, Mission July 2005

(8 countries)

(iv) Mission planned or Integrated Framework process suspended

Angola: Mission planned for Sept 2005

Niger: Mission planned for Sept 2005

Eritrea: January 16, 2003, government decided to suspend the Integrated Framework process.

(3 countries)

(27 countries in total)

Annex 6: Problems Identified in the Philippines Government Self-Assessment of Experience on the implementation of the TBT Agreement – Selected Examples

Producer input into standards-setting:

- Philippines policy is to adopt international standards whenever possible, to participate in the relevant international standards organizations. Problems of technical capacity and financial capacity affect the participation of government and of Philippine industries.
- Industry associations do not always circulate, enterprises do not always review, notifications from the international organizations of proposed changes. When a change comes into effect industries come forward with complaints that might have been handled at the comments stage.
- Variation in quality and content of information submitted by WTO Members under the TBT/SPS notification requirements contribute to the tendency for industry to pay them inadequate attention.

Administrative Matters:

The Philippines National Enquiry Point bears responsibility for notifications to the WTO under the TBT and SPS Agreements. Regulatory bodies responsible for standards have no obligation to notify the Enquiry Point of their actions.

- Lack of a compilation of conformity assessment systems in operation in the Philippines makes it difficult to know what conformity assessment requirements are, who is the implementing agency.
- Technical assistance requirements:
- A list of eight items is provided; e.g., access to experts on the development and harmonization of standards.
- Source: WTO, Philippines Experience in the Implementation of the TBT Agreement G/TBT/W/166, 26 June 2001

Annex 7

World Trade Organization

G/TBT/W/146
3 October 2000
(00-4040)

Committee on Technical Barriers to Trade

Original: French

Technical Assistance

COMMUNICATION FROM CAMEROON

In connection with the Workshop on Technical Assistance and Differential Treatment in the context of the TBT Agreement, Cameroon would like to draw the attention of the TBT Committee to the fact that Cameroon has encountered a number of difficulties in implementing the TBT Agreement owing to:

- The absence of a practical code and national legislation in that area;
- the lack of a standardization, regulation and conformity assessment body, although studies are currently under way in that connection;
- the lack of modern equipment by which to apply international standards and guidelines;
- the insufficiency of financial resources to ensure regular and effective participation of Cameroon in the work of the international standardization bodies and in regional/international conformity assessments systems;
- difficulties in making comparisons with a view to determining the best ways of adapting to the technical regulations of other Members (no meetings with other Members);
- difficulties in developing human and institutional resources; studies are under way to determine what steps should be taken during 2000-2001.

Generally speaking, compliance with standards imposed on Cameroon and their conformity costs have an impact on the competitiveness of its products on the different markets.

Consequently, Cameroon needs technical and financial assistance from the WTO, its Members and other international organizations which would consist of:

- Organization of training seminars on standards for government officials, the private sector and exporters;
- financial aid for the creation of standardization, technical regulation and conformity assessment offices;
- organization of seminars, sending of experts and advisory missions to help public and private sector officials and economic operators to master conformity assessment procedures;
- participation of representatives of Cameroon in the work on standards and conformity assessment systems;
- technical support in updating the country's regulations in the field of standards;
- creation of a laboratory for analysis, testing and calibration.

The inclusion in our academic institutions of courses on technical barriers to trade in particular, and standardization in general, would also contribute to capacity building.

Annex 8

World Trade Organization

Committee on Sanitary and Phytosanitary Measures

G/SPS/GEN/401
20 may 2003
(03-2697)

Original: French

Technical assistance

COMMUNICATION FROM CAMEROON

The Government of Cameroon has been resolutely committed to product and production system standardization since 1999, when the Ministry of Industrial and Commercial Development, pursuant to Law No. 96/11 on Standardization of 5 August 1996, effectively launched its standardization activities.

Around 180 Codex Alimentarius Commission food standards were adopted and approved as national standards in Cameroon in 2000, 2001 and 2002. These standards deal with areas as varied as the following:

- Fruit and vegetables;
- meat and meat products;
- fish and fisheries products;
- milk and dairy products;
- catering;
- pesticide residues and veterinary drug residues;
- food additives;
- recommended international codes of practice on food hygiene and the Hazard Analysis and Critical Control Point (HACCP) system.

Given the difficulties experienced by Cameroonian enterprises in implementing these approved standards and the ever-increasing demands on food products for export to the European Union, the Ministry of Industrial and Commercial Development is planning as of 2003 to help food-processing enterprises, in particular those dedicated to export, to implement mechanisms enabling them to comply with product and production system standards, especially good hygiene practices (GHPs) and the HACCP system.

It stands to reason that such a project requires intense training (both theoretical and practical) for the staff responsible for standardization and quality management who will be carrying out such work in the field. The Government of Cameroon therefore requests the organization of a theoretical and practical training course at AFAQ - ASCERT International S.A. in France covering the following areas for three Ministry of Industrial and Commercial Development officials responsible for standardization and quality management:

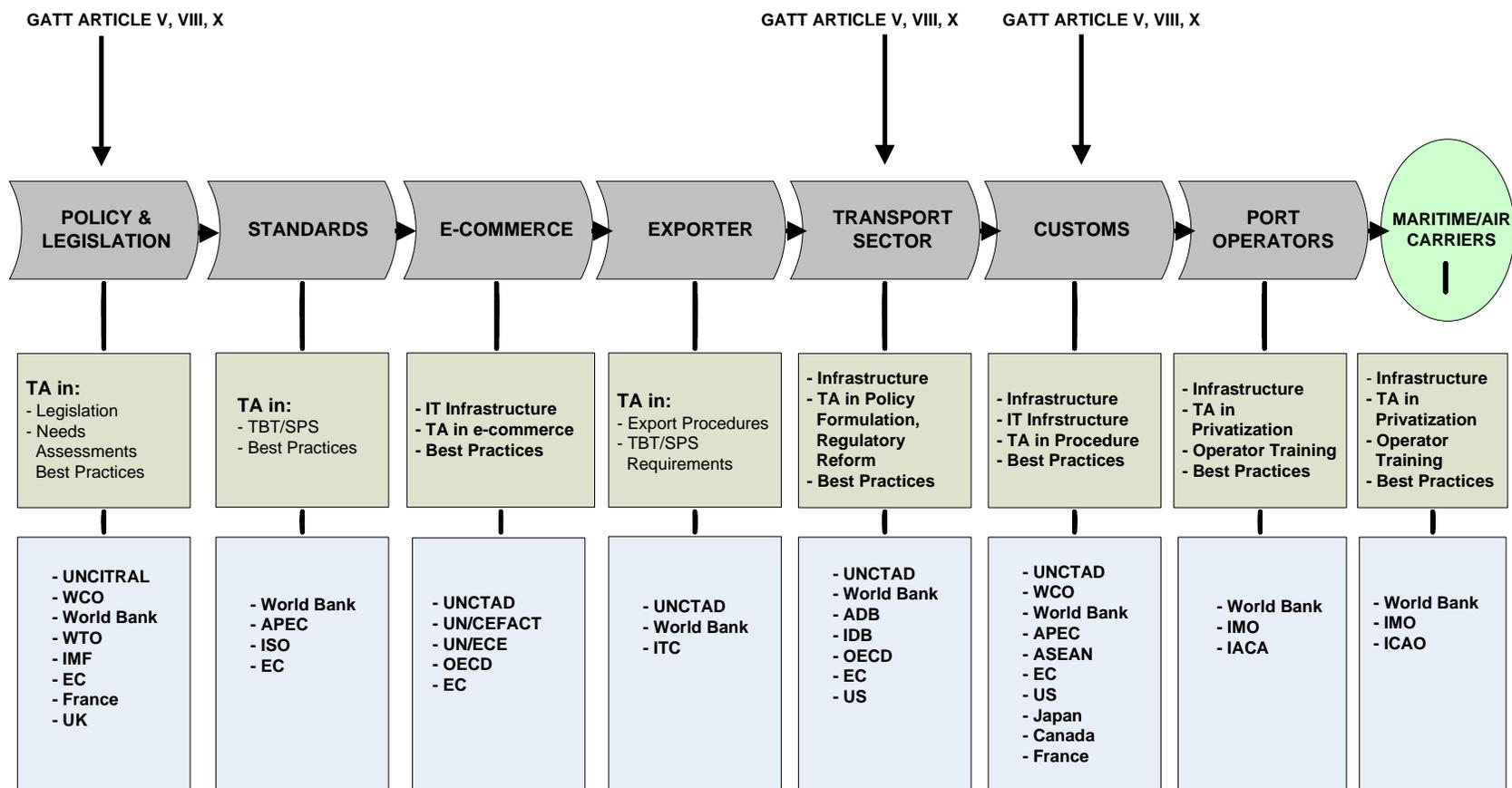
- Development and implementation of good hygiene practices and good manufacturing practices for food-processing enterprises, from primary production to distribution;
- implementation of the HACCP system;
- audits with a view to HACCP attestation;

- environmental reviews and implementation of standard ISO 14001;
- creation of an enterprise certification system on the basis of ISO 9001 and ISO 14001, and the HACCP system.

-

The aim of this course is to train the staff who will be responsible for monitoring enterprises and helping them to improve the quality of their export products. The Government of Cameroon is seeking assistance with the funding of this course.

Annex 9: Trade Facilitation Elements; Sources of Support for Improvements in Each Element



Source: OECD/ DAC Project on Trade Facilitation: Phase 1: Review of Technical Assistance And Capacity Building Initiatives for Trade Facilitation, Preliminary Draft, 16 September 2005 (Figure 1, p. 13)

List A: LISTS OF ACTIVITIES AND DONORS REPORTED IN WTO-OECD AID FOR TRADE DATA BASE

Trade Policy and Regulations

Trade mainstreaming in PRSPs/development plans
Technical barriers to trade (TBT)
Sanitary and phytosanitary measures (SPS)
Trade facilitation procedures
Customs valuation
Tariff reforms
Regional trade agreements (RTAs)
Accession
Dispute settlement
Trade-related intellectual property rights (TRIPS)
Agriculture
Services
Tariff negotiations - non-agricultural market access
Rules
Training in trade negotiation techniques
Trade and environment
Trade and competition
Trade and investment
Transparency and government procurement
Trade education/training

Trade Development

Business support services and institutions
Public-private sector networking
E-commerce
Trade finance
Trade promotion strategy and implementation
Market analysis and development

Infrastructure
Transport & Storage
Communications
Energy

List B: AGENCIES WHO PROVIDE AID FOR TRADE

African Development Bank (AfDB)
Arab Monetary Fund (AMF)
Asia Pacific Economic Cooperation (APEC)
Asian Development Bank (ADB)
Commonwealth Secretariat
European Bank for Reconstruction and Development (EBRD)
Food and Agriculture Organization (FAO)
Inter-American Development Bank (IADB)

International Bank for Reconstruction and Development (IBRD)
International Development Agency (IDA)
International Monetary Fund (IMF)
International Trade Centre (ITC)
Islamic Development Bank (IDB)
Twenty-six agency providers

Organization for Economic Co-operation and Development (OECD)
United Nations (UN)
UN Conference for Trade and Development (UNCTAD)
UN Development Program(UNDP)
UN Economic and Social Commission for Asia and Pacific (UNESCAP)
UN Economic Commission for Africa (UNECA)
UN Economic Commission for Europe (UNECE)
UN Economic Commission for Latin America and the Caribbean (UNECLAC)
UN Economic Commission for Western Asia (UNESCWA)
UN Industrial Development Organization (UNIDO)
World Customs Organization (WCO)
World Intellectual Property Organization (WIPO)
World Trade Organization (WTO)

List D: Countries and Country Group Who Provide Aid for Trade

Australia	Japan
Austria	Korea
Belgium	Luxembourg
Canada	Mexico
Denmark	Netherlands
European Commission	New Zealand
Finland	Norway
France	Portugal
Germany	Spain
Greece	Sweden
Czech Republic	Switzerland
Iceland	Thailand
Ireland	United Kingdom
Italy	United States
27 Countries and the European Commission	

List E: Average Size of Project

	Average Size of Project = Amount (US\$ 1000s) / Number of Records			
Category Measures	2001	2002	2003	2004
LDC Infrastructure	\$3,471	\$2,795	\$4,385	\$5,239
All C except LDC Infrastructure	\$5,050	\$5,284	\$3,544	\$5,608
LDC Trade Development	\$685	\$477	\$682	\$748
All C except LDC Trade Development	\$978	\$400	\$594	\$553
LDC Trade Policy and Regulations	\$617	\$497	\$703	\$795
All C except LDC Trade Policy and Regulations	\$275	\$145	\$174	\$154
Category Measures	Size of Average LDC Project / Size of Average Project in Other Countries (percentage)			
	2001	2002	2003	2004
Infrastructure	69	53	124	93
Trade Development	70	119	115	135
Trade Policy and Regulations	224	343	403	516

Category Measures	Support in LDCs as Percentage of Total Support			
	2001	2002	2003	2004
Infrastructure	21	16	29	22
Trade Development	27	17	17	14
Trade Policy and Regulations	19	11	17	12

Annex 10: Tabulation of WTO Aid-for-Trade Task Force Recommendations

Strengthening the “demand side”

What	Who
a commitment to country ownership and approaches driven by recipient-countries	donor countries, recipient countries, international agencies
mainstream trade into their development strategies	recipient countries
establish national coordination	recipient countries
explore the necessity (sic) of establishing an agency for non-LDCs like the IF – but separately funded	everyone
urge agencies, donors and governments to work together	? the Task Force, the WTO Director General, everyone?
urge donors, agencies, regional banks, organizations, to step up efforts to identify regional needs	?
establish a country-level system of data collection and analysis	?

Strengthen donor “response”

pay more attention to trade issues, strengthen trade expertise	donor countries, international agencies
greater donor coordination and harmonization	‘
guided by priority projects and programs identified by developing countries; follow developing country needs assessments	‘
supply targeted funds for infrastructure and enterprise capacity (i.e., do not shift funds from WTO implementation, training country officials to manage WTO issues)	‘

Strengthen the bridge between “demand” and “response”

What	Who
Country level	
mainstream trade into national development strategies	recipient countries
strengthen in-country structures to identify trade-related needs, link to donors’ e.g., establish a “National Aid-for-trade Committee” – shareholders such as government ministries, private sector, civil society	recipient countries
partners commit to contributing to the implementation of recipient country strategies	donor countries, international agencies
South-South cooperation	recipient countries, donor DCs
promote the involvement of local, regional and private-sector actors	everyone
results-based management framework, accountability	everyone
Regional level	
strengthen diagnosis, project design for regional, sub-regional, cross-border issues:	? regional organizations, everyone?
coordinate donor response	?
assign responsibility for the above	?
explore the merits of establishing a Regional Aid-for-trade Committee among regional organizations and financial institutions to report on needs, monitor and evaluate responses and impacts	? the regional organizations and financial institutions?
Global level	
data collection	? OECD/WTO data base?
results-based evaluation	? everyone?
knowledge creation and sharing; e.g., on project impacts, best practice guidelines	?
some donors might wish to direct contributions through multilateral channels – this could include an IF-type organization for non-LDC	?
clearing house sessions on particular aid for trade themes and groups of countries – to connect needs to donors willing to contribute	?

Strengthening monitoring and evaluation

What	Who
annual debate on aid for trade in the WTO General Council	149 WTO Members, 32 Observer Governments
periodic global review of Aid-for-trade by a monitoring body in the WTO, based on reports from	
country level donors regional level relevant multilateral agencies private sector	174 recipient countries 27 countries and the European Union all regional organizations and financial institutions?*
recipient countries report on: mainstreaming, formulation of trade strategies, aid for trade needs, donor responses, implementation and impact	174 recipient countries
donors report on: funds dedicated to aid for trade, how they intend to meet announced aid for trade targets, aid for trade categories covered, mainstreaming trade into aid programs,	27 countries and the European Union
include assessment of aid for trade in donor and recipient Trade Policy Reviews	149 WTO Members
promote and fund mainstreaming, needs identification, donor response, impact	Potentially everyone
possibly a notification process for WTO members (?legal obligation to submit the reports?)	149 WTO Members, 32 Observer Governments

* The WTO/OECD data base (13 September 2006) lists 19 country groups for projects they could not allocate to any particular country. None of them are.

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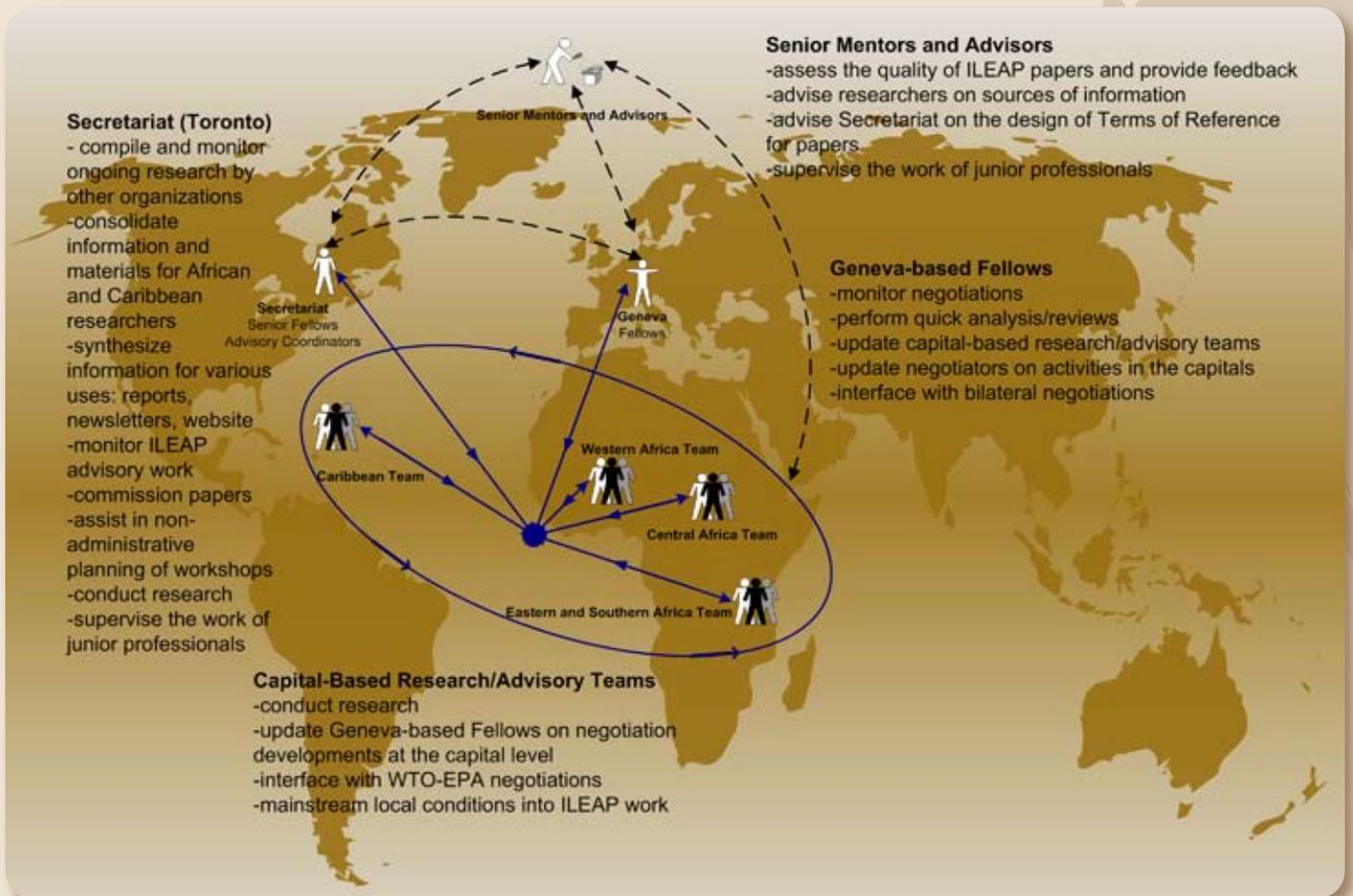
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