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Research Report

Adapting the WTO trade policy reviews to the need of developing countries: Starting points and options. Study on behalf of the Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)

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REPORT

Adapting the WTO Trade Policy Reviews to the Needs of Developing Countries

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für wirtschaftliche Zusammenarbeit und Entwicklung
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**Axel Borrmann
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(Federal Ministry for Economic Cooperation and Development)**

**Axel Borrmann
Georg Koopmann**

This paper has been prepared within the Research Programme „Trade and Development“

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LIST OF ABBREVIATIONS USED

ACP	African, Caribbean and Pacific
BMZ	<i>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</i> , Germany's Federal Ministry for Economic Cooperation and Development
DC	Development Cooperation
EBA	Everything But Arms
EU	European Union
FAO	Food and Agriculture Organization
FC	Financial Cooperation
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
IDB	Integrated Database
IF	Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries
ILO	International Labour Organization
IMF	International Monetary Fund
ITC	International Trade Centre
ITU	International Telecommunication Union
JITAP	Joint Integrated Technical Assistance Programme
LDCs	Least Developed Countries
LIC	Low-Income country
MTS	Multilateral Trade System
OECD	Organization for Economic Cooperation and Development
PRSP, PRSPs	Poverty Reduction Strategy Paper(s)
SDT	Special and Differential Treatment
SPS	Agreement on the Application of Sanitary and Phytosanitary Measures
SWG	Secretariat Working Group
TBT	Agreement on Technical Barriers to Trade
TC	Technical cooperation
TPR, TPRs	Trade Policy Review(s)
TPRB	Trade Policy Review Body
TPRD	Trade Policy Review Division
TPRM	Trade Policy Review Mechanism
TRIMS	Agreement on Trade-Related Investment Measures
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

ZUSAMMENFASSUNG

Integrationsprobleme der Entwicklungsländer

Während eine begrenzte Anzahl von fortgeschritteneren Entwicklungsländern ihren Welthandelsanteil in den vergangenen Jahrzehnten deutlich verbessern konnte, haben die meisten Entwicklungsländer nach wie vor erhebliche Probleme, sich in die Weltwirtschaft zu integrieren. Das gilt besonders für die Gruppe der am wenigsten entwickelten Länder. Es bedarf daher verstärkter Anstrengungen, die Entwicklungsländer in ihren Bemühungen zu unterstützen. Sie sollten u.a. gerichtet sein auf Exportförderungsmaßnahmen, insbesondere die Überwindung der Angebotsschwäche dieser Länder, die Beseitigung von Handelshemmnissen auf ihren Absatzmärkten, ihre eigene Importliberalisierung einschließlich der Umsetzung ihrer in der Uruguay-Runde eingegangenen Verpflichtungen sowie auf die Prüfung des multilateralen Regelwerkes hinsichtlich erforderlicher Anpassungen an die speziellen Bedürfnisse dieser Länder.

Die vorliegende Untersuchung befasste sich mit einem Ausschnitt dieses weiten Problemfeldes. Sie untersucht Möglichkeiten, den TPRM der WTO an die besondere Problemlage der Entwicklungsländer, speziell die der LDCs, anzupassen, und ihn in die handelsbezogene TZ der WTO und die allgemeine EZ der internationalen Gebergemeinschaft stärker zu integrieren.

Anpassung des TPRM an die Bedürfnisse der Entwicklungsländer

Hauptziel des TPRM ist die Untersuchung der „Auswirkungen der Handelspolitiken und -praktiken eines Mitglieds auf das multilaterale Handelssystem.“ Durch Gewährleistung einer „größeren Transparenz“ und eines „besseren Verständnisses“ dieses Politikbereichs soll der TPRM zur „besseren Einhaltung“ der WTO-Regeln, -Disziplinen und -Verpflichtungen durch die Mitglieder und damit zu einem „reibungsloseren Funktionieren“ des WTO-Systems beitragen. Über die Handelspolitik hinaus soll der TPRM, „soweit erforderlich“, die allgemeine Wirtschafts- und Entwicklungspolitik des jeweiligen Landes und sein außenwirtschaftliches Umfeld berücksichtigen, um „Wechselwirkungen zwischen den strukturpolitischen, gesamtwirtschaftlichen, handelspolitischen, finanziellen und entwicklungspolitischen Aspekten wirtschaftspolitischer Entscheidungen“ Rechnung zu tragen.

Der besondere Wert des TPRM für Entwicklungsländer liegt u.a. darin, dass er einen Prozess der Selbstevaluierung ihrer Handelspolitik initiiert, die *inter-agency cooperation* und wirtschaftspolitische Kohärenz fördert, handelspolitische Reformen anstößt und Gelegenheit zu ihrer Präsentation bietet, damit vertrauensbildend bei Investoren und Handelspartnern wirkt und nicht zuletzt zu einer Reflektion der Teilnahme am mul-

tilateralen Prozess veranlasst. Überdies können TPRs für die Handelspartner den Zugang der Entwicklungsländer zu ihren Absatzmärkten erleichtern.

Der TPRM kann seine Bedeutung für Entwicklungsländer jedoch nur dann erlangen, wenn die Reviews in ausreichender Frequenz durchgeführt werden. Dies ist zur Zeit noch nicht der Fall. Das liegt zum einen an den Entwicklungsländern, die der WTO bislang noch nicht beigetreten sind, zum anderen daran, dass der TPRM erst 69 der 101 Entwicklungsländer mit WTO-Mitgliedschaft erfasst hat. Besonders gering ist die Erfassung der LDCs. Von den 49 LDCs (einschließlich Senegal) gehören z.Zt. 29 der WTO an, es wurden jedoch erst 13 von ihnen vom TPRM erfasst. Es sollte daher verstärkt darauf hingewirkt werden, auch die noch nicht überprüften Länder in den TPR-Prozess einzubeziehen.

Angesichts der insgesamt noch geringen Integration dieser Länder in das multilaterale Handelssystem und um ein „Versickern“ der Lehren aus den Überprüfungen zu verhindern, wäre gerade für die LDCs zudem eine Verkürzung des Prüfungsintervalls (eventuell mit einer interimistischen Lösung wie bei den Quad-Ländern) sinnvoll. Überdies bedürften die Sekretariatsberichte für die LDCs einer inhaltlichen Erweiterung und Vertiefung, so dass alle handelsrelevanten Aspekte und Institutionen, einschließlich des Privatsektors und der Implikationen der WTO-Abkommen für die Wirtschaft, erfasst würden.

Dies erfordert indes eine massive Ressourcenumschichtung in der TPRD oder/und eine erhebliche Mittelaufstockung im Wege einer von der WTO präferierten regulären Budgeterhöhung und/oder verstärkter Einzahlungen in den Global Trust Fund der WTO. Für eine bessere Ressourcenausstattung spräche auch, dass die TPRD im Vergleich zu den „Heerscharen“ von Analysten für das „country monitoring“ des IWF und der Weltbank schwach ausgestattet ist. Ihre Ressourcen sind mit dem Übergang vom GATT zur WTO nicht in gleichem Maße ausgeweitet worden wie ihre Aufgaben. Entsprechendes gilt im übrigen auch für die Technical Cooperation und Training Divisions der WTO.

Mit dem jetzt beschlossenen Übergang zu einem dreistufigen Prozess für die Erstellung der Sekretariatsberichte hat die WTO einen begrüßenswerten weiteren Schritt zur besseren Anpassung des TPRM an die besondere Situation der zu prüfenden Entwicklungsländer getan. Der Prozess wird zukünftig mit einer Kurz-Mission zur Unterstützung der Behörden bei der Vorbereitung der notwendigen Dokumentation beginnen, gefolgt von einem Seminar u.a. zur Erklärung der WTO-Instrumente und Hilfen bei Notifizierungsprozeduren und endet mit einer Abschluss-Mission zur Diskussion des Entwurfs für den Sekretariatsbericht und Hilfen bei der Erstellung des Regierungsberichts. Die von der TPRD praktizierte Fragebogenmethode stellt an das zu prüfende Land größere Anforder-

rungen als die personalintensivere Art der Datenbeschaffung bei anderen internationalen Organisationen und begründet damit auch eigenen Bedarf an technischer Unterstützung.

Mit der verstärkten Bereitstellung technischer Hilfe in den verschiedenen Phasen des TPRM-Prozesses kann die WTO die Fähigkeit der Entwicklungsländer stärken, ihre im Verfahren vorgesehenen Beiträge (u.a. Beantworten des Fragebogens; Erstellen des Regierungsberichts) zunehmend selbst und nicht durch Dritte - etwa durch Consultants - zu erbringen, womit die sog. *ownership* gestärkt würde. Der neue dreistufige Ansatz, der bei den bevorstehenden Überprüfungen Ugandas und Malawis erprobt werden soll, zeigt, dass hier noch beträchtlicher Spielraum besteht.

Für ein „Erweiterungs- und Vertiefungsprogramm“ der TPRs kommen in Frage:

- die Behandlung neuer bzw. noch nicht in der WTO geregelter Themen
- Analysen der Interdependenzen zwischen verschiedenen Politikbereichen
- ökonomische Wirkungsanalysen
- die Identifizierung von Marktzugangshindernissen auf Exportmärkten
- Hilfestellungen bei der Regeleinhaltung
- Kritik am multilateralen Regelwerk sowie
- die Ermittlung des Bedarfs an technischer Hilfe und ihre Evaluierung

Neue Themen, wie z.B. Wettbewerbspolitik und Direktinvestitionsregelungen, die über TRIMs hinausgehen, sind bereits seit längerem – fakultativ und mit von Fall zu Fall unterschiedlicher Intensität – Gegenstand der Sekretariatsberichte. Als thematische Erweiterung und Vertiefung des TPRM-Spektrums ist z.Zt. u.a. die Einhaltung von Kernarbeitsnormen in der Diskussion. Im TPRB stieß dieser Vorschlag bisher jedoch auf den nahezu geschlossenen Widerstand der Entwicklungsländer.

Vor dem Hintergrund der neuen entwicklungspolitischen Priorität für das *mainstreaming of trade* im Rahmen von PRSPs erscheint die bisher noch fakultative Berücksichtigung der Verbindungslinien zwischen Handelspolitik und allgemeiner Entwicklungspolitik im TPRM in einem neuen Licht. Demnach könnte es ein wünschenswertes Ziel der handelspolitischen Überprüfung sein, die Integration der Handelspolitik (einschl. der Umsetzung von WTO-Verpflichtungen) in den PRSP-Prozess zu unterstützen. TPRs könnten hierzu beispielsweise durch die Analyse der „institutionellen Interaktion“ zwischen den verschiedenen wirtschaftspolitischen Instanzen eines Landes bei der Formulierung und Implementierung von Handelspolitik und durch die Aufdeckung von Defiziten in diesem Bereich einen wesentlichen Beitrag leisten.

Die bei der Erstellung von TPR-Berichten gewonnenen Daten könnten u.a. für ökonomische Wirkungsanalysen und die Ermittlung tatsächlicher Protektionskosten genutzt

werden. Solche Analysen könnten auch über das jeweilige Land hinausgehen, sich auf regionale Integrationsgemeinschaften erstrecken und Querschnittsuntersuchungen von Marktzugangsbeschränkungen beinhalten. Für komplexe ökonometrische Modellrechnungen fehlen nach WTO-Angaben zur Zeit jedoch noch die Voraussetzungen. Die Durchführung solcher Analysen im Rahmen des TPRM ist zudem nicht unumstritten.

Zur inhaltlichen Bereicherung der TPRs könnten ferner Analysen der Zugangsbeschränkungen beitragen, denen die untersuchten Länder auf ihren wichtigsten Absatzmärkten gegenüberstehen. Kleinere Länder würden dabei stärker als größere von den Ergebnissen der TPRMs profitieren. Die TPR-Sitzungen verschaffen den kleineren WTO-Mitgliedern eine seltene Gelegenheit, ihre Handelspartner direkt nach Handelspolitiken und –praktiken zu befragen, durch die sie sich benachteiligt sehen.

Über die Kontrolle der Einhaltung der WTO-Verpflichtungen bzw. die Feststellung von Umsetzungsdefiziten (negativer Ansatz) hinaus kann der TPRM Hilfestellung für die Entwicklungsländer und namentlich LDCs bei der Regeleinhaltung leisten und eine Evaluierung der Umsetzungswirkungen einschließlich einer Verifizierung der erwarteten positiven Effekte (positiver Ansatz) vornehmen. Dies gilt insbesondere für die LDCs und schließt auch Hilfe bei der Einhaltung differenzierter Umsetzungsfristen bzw. Geschwindigkeiten ein.

Der TPRM könnte schließlich auch dazu herangezogen werden, die multilateralen Handelsregeln weiterzuentwickeln bzw. auf neue Felder auszudehnen und Fehlentwicklungen zu korrigieren. Die Aufdeckung von Schwachstellen im multilateralen Regelwerk sollte besonders mit Blick auf die Förderung der Integration der LDCs in das internationale Handelssystem erfolgen.

Der Spielraum für eine stärkere Berücksichtigung des Bedarfs an technischer Unterstützung im Rahmen des TPRM wurde bisher zu wenig genutzt. Mit dem Bericht für Tansania hat die WTO erstmals im Jahr 2000 die handelsbezogene technische Zusammenarbeit in einem eigenständigen Abschnitt des TPR behandelt und diese neue Praxis in den Berichten für Mosambik und Madagaskar fortgesetzt. Der TPRM kann überdies - wie die neuen Berichte zeigen - auch zur Evaluierung bisheriger TZ-Maßnahmen beitragen und wertvolle Inputs sowohl für die eigene handelsbezogene TZ der WTO als auch für die der internationalen Gebergemeinschaft im Rahmen des JITAP, des IF und der PRSs leisten.

TPRM und internationale Entwicklungszusammenarbeit

Die WTO nimmt - besonders nach der Reform des IF - eine prominente Position im *Integrated Framework* ein. Sie verfügt als *lead agency* über gute Möglichkeiten, ihre handelspolitische Kompetenz und ihre Erfahrungen u.a. aus dem TPRM nicht nur in das IF, sondern über das IF in die entwicklungsstrategischen Überlegungen des PRS-Prozesses einzubringen. Es erscheint sinnvoll, die handelspolitischen Überprüfungen im Rahmen der WTO organisatorisch mit den PRSP-Prozessen zu verknüpfen und inhaltlich im Hinblick auf entwicklungsrelevante Fragestellungen zu ergänzen. TPRs könnten in diesem Sinne zukünftig mit „Trade Integration Studies“ im Rahmen der PRSPs verknüpft werden. Dabei würde sich der Beitrag der TPRs zum „trade-related capacity building“ weitgehend auf die Förderung der „trade rules compliance capacity“ (im Unterschied zur „trade competitiveness capacity“) konzentrieren müssen.

Die im neuen IF vorgesehene Integration des Handelsthemas sowie der handelbezogenen TZ in eine armutsorientierte entwicklungspolitische Gesamtplanung (PRSPs, UNDAF) dürfte beachtliche Konsequenzen für die beteiligten Institutionen haben - auch für die WTO. Sie zwänge sie zur Vereinbarung einer von allen Beteiligten (LDC, IF-Agencies sowie sonstige Geber) später zu verfolgenden handelspolitischen Strategie. Soll diese zu einem verbindlichen Handlungsrahmen werden, dann verlangt dies von den Beteiligten nachhaltige Akzeptanz. Für die verschiedenen Geber und Geber-Programme wie IF und JITAP wären die handelspolitischen Kapitel der PRSPs der Referenzrahmen für die Planung ihrer eigenen Aktivitäten, somit auch für ihre handelsbezogene TZ und FZ. Das gilt auch für die WTO und ihren TPRM.

Generell ist zu fragen, welchen Sinn unter diesen neuen Rahmenbedingungen noch die bisher autonom, in unterschiedlicher und asynchroner Frequenz durchgeführten und auch inhaltlich nicht aufeinander abgestimmten regelmäßigen handels- und entwicklungspolitischen Analysen und TZ-Bedarfsermittlungen der verschiedenen Institutionen machten. Hier wäre zumindest Synchronisation angezeigt, konsequent wäre letztlich jedoch eine Verschmelzung, wenn Kohärenz, Effizienz und Effektivität in der Zusammenarbeit mit den LDCs erreicht werden sollen. Gelänge dies, dann wären auch Rolle und Inhalt der TPRs der WTO für die LDCs zu überprüfen und vermutlich neu zu definieren.

1 BACKGROUND TO THE STUDY

For decades now, trade assistance has been one of the traditional components in Germany's programme of development cooperation (DC) (see section 2.4). On a multilateral level, support has been provided to the World Trade Organization (WTO), the International Trade Centre (ITC) and the Joint Integrated Technical Assistance Programme (JITAP). The background to this study is the contribution Germany made to the WTO's Global Trust Fund in January 2000 to promote further development and adaptation of the Trade Policy Review Mechanism (TPRM) to the needs of developing countries, and especially those of the Least Developed Countries (LDCs) (see Appendix 4). The Federal Ministry for Economic Cooperation and Development (or BMZ, short for *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*) has asked the Hamburg Institute of International Economics (HWWA) to carry out a brief study designed to identify starting points for this adaptation process and consider the options available.

The specific questions the study will address are as follows:

1. What organizational mechanisms can be applied to improve the developing countries' participation in the preparation of (i.e., ownership of) any review of their trade policies and other policies pertinent to the WTO agreements?
2. How can the information-gathering for a "trade policy review" (TPR) covering a developing country be focused upon identifying needs and starting points for technical cooperation (TC) projects?
3. To what extent can the review include other policies of the developing country concerned that are necessary requirements for successful integration into the world economy (e.g. patent protection, a secure environment for foreign direct investment)?
4. In the case of LDCs, how does the TPRM interact with the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF), in which not only the WTO but also the World Bank, International Monetary Fund (IMF), United Nations Conference on Trade and Development (UNCTAD), International Trade Centre (ITC), United Nations Development Programme (UNDP), plus bilateral donors are involved? What could be done to improve coordination of these two approaches?
5. How might TPRs be linked with an evaluation of the impacts of proposed reform measures upon sustainable development in the country in question?

In the execution of this study, extensive research of the literature was carried out and the BMZ's files were consulted. A preparatory meeting was held at the Ministry's offices on 5 March 2001. In-depth conversations with representatives of the WTO, other international organizations (UNCTAD, ITC, IMF) and developing countries that had re-

cently been the subject of TPRs took place in the period 19-23 March (a list of persons spoken to appears in Appendix 1).

The HWWA Institute was glad to take on this research commission, both because the trade and development-policy issues addressed here touch upon the Institute's traditionally strong research areas and because it provided an opportunity to maintain the long-running cooperation with the BMZ. The authors would like to take this opportunity to reiterate their thanks to the Ministry for this. They also wish to express their gratitude to Ms. Jens, Ms. Steinecke, Mr. Geyer and Mr. Liebe for their meticulous preparation of the manuscript, and to Neil Johnson for providing the English translation.

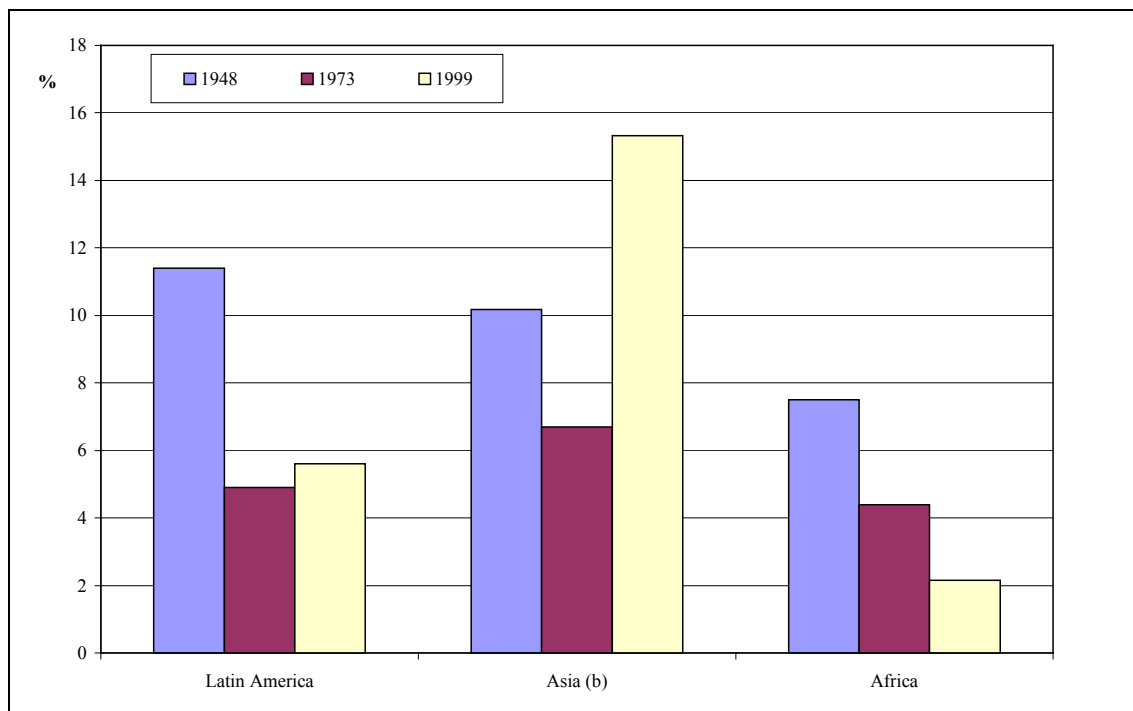
2 INTEGRATING DEVELOPING COUNTRIES INTO THE WORLD TRADING SYSTEM AND PROVIDING SUPPORT VIA TECHNICAL COOPERATION

2.1 The Position of Least Developed and Other Developing Countries in World Trade

During the 1990s, the developing world as a whole significantly increased its share of world trade, from 24% in 1990 to 29% in 1999, thus returning to the dynamic trend of the 1970s. However, the global statistics conceal the fact that this overall category of countries has grown much more heterogeneous both regionally and structurally, as well as in terms of the countries' level and pace of development:

- The developing countries of East and South Asia have substantially boosted their share of world trade since 1973, more than compensating for the substantial losses in trade share common to all developing countries during the post-war period, whereas the Latin American countries have barely improved upon their 1973 position and those in Africa have fallen back even further.

Developing regions: Share of world trade (a) (1948, 1973, 1999 in %)



(a) Average of imports and exports

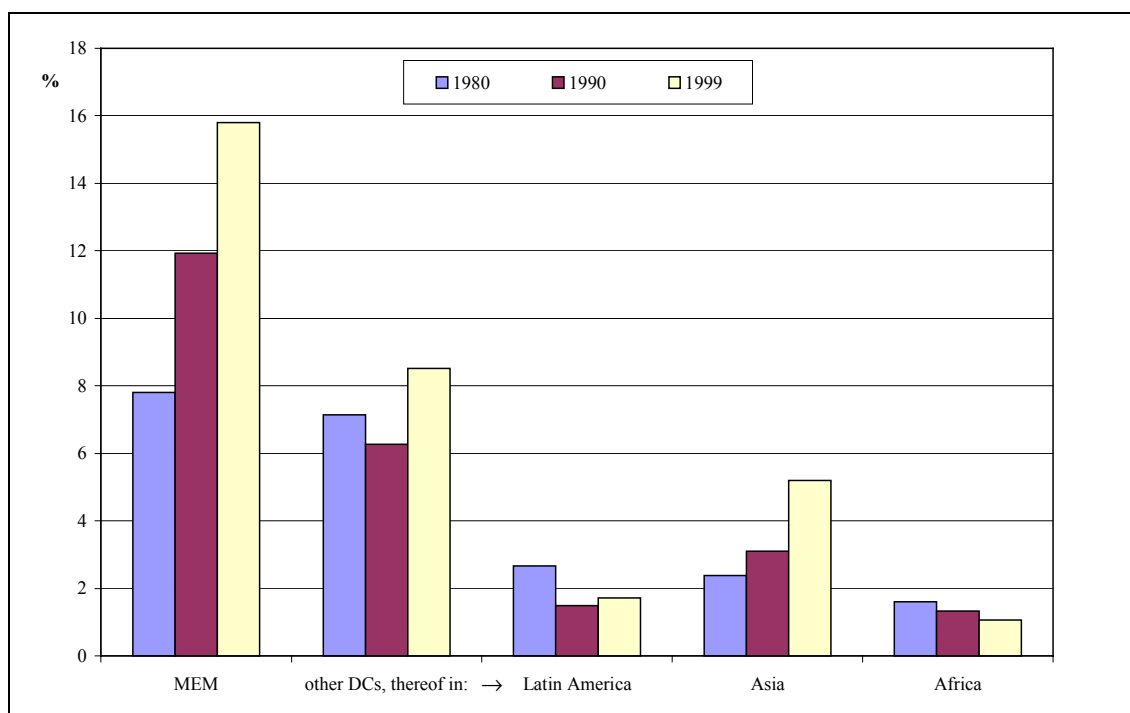
(b) "Asia" excludes Japan, Australia and New Zealand, the Middle East and the Commonwealth of Independent States

Source: WTO 2000a, p. 28

- The developing countries that made a push to promote exports of industrial goods and have since become leaders in the field – these include the Asian countries of

Hong Kong, Malaysia, Singapore, South Korea and Taiwan together with Brazil, Mexico and Turkey – achieved much greater and more sustained gains in their share of world trade than other developing countries have done. Among the others, the familiar regional pattern again emerges, with slack development in Latin America, dynamic growth in Asia and a decline in Africa.

Share of world trade of the major exporters of manufactures among the Developing Countries (DCs) in comparison to the other DCs (1980, 1990, 1999 in % of world exports)



MEM = Major exporters of manufactures among the DCs; DCs = developing countries excluding major petroleum exporters; Asia excludes West Asia; Africa excludes South Africa

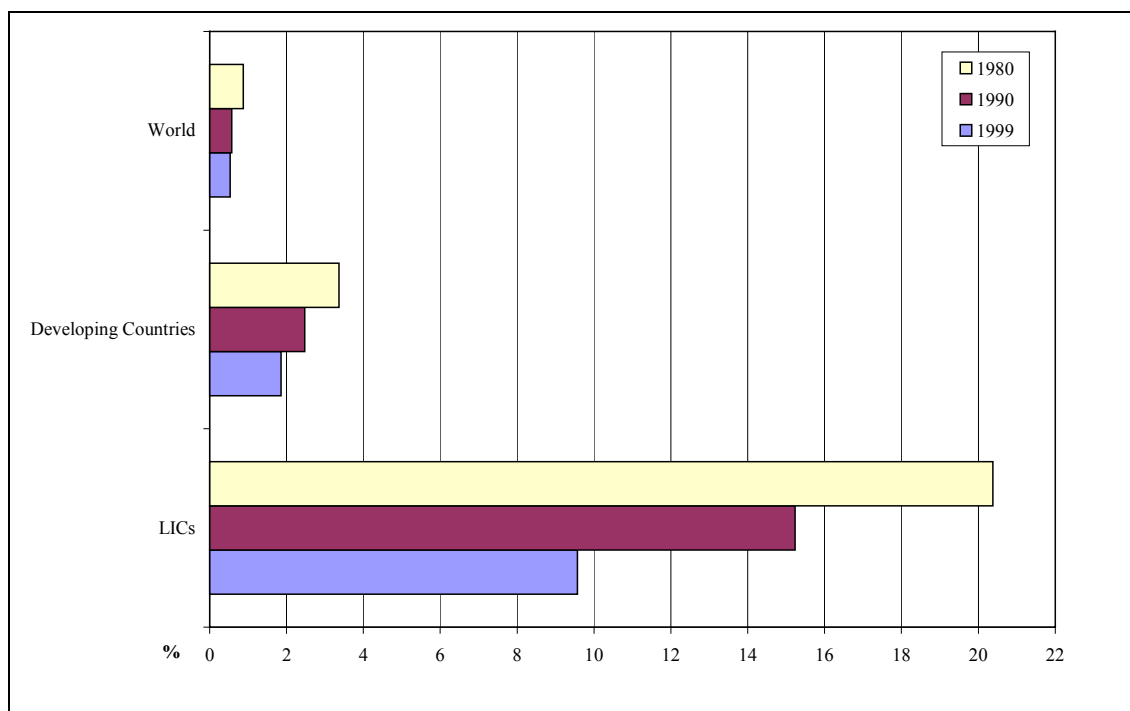
Source: UNCTAD 2000a, p. 24

- The LDCs, many of which are in Africa, have seen their share of world trade slip back steadily over the years.¹ While their growing share of the world’s population had by then reached 10%, the LDCs’ share of world trade in 1999 was below 0.5%, having almost halved since 1980. At the same time, they have lost ground in world trade relative to other developing countries, and especially relative to other low-income countries (LICs): their share of the trade conducted within this sub-category

¹ According to the UN’s classification, the category of LDCs, which originally included 24 member states in 1971, now consists of 48 (UNCTAD 2000, p. 212) or rather 49 if Senegal is also included (WTO 2001, p. 40). In the reverse direction, only one country has managed to “graduate” and lose its LDC status, namely Botswana in 1994. Both economic and social criteria are applied in the assessment of which countries belong to the LDC category (Carey and Osakwe 2001, p. 68). One way of graduating is to attain a per capita income level of \$900 (UNCTAD 2000, p. I). For a list of LDCs and basic statistics on them, see Appendix 2.

fell from more than 20% in 1980 to less than 10% in 1999.¹ This trend has been matched by a persisting fall-back in the LDCs' per capita incomes, already extremely low, relative to those in other developing countries.²

**Least Developed Countries in world trade, in trade of all Developing Countries
and in trade of Low-Income-Countries
(1980, 1990, 1999 in % of exports)**



LICs = Low-income countries

Source: UNCTAD 2000a, p. 24

The most important destination for LDC exports is Western Europe, which takes in more than a third of them, as opposed to just under one fifth of the exports from all developing countries taken together. The products involved are now predominantly industrial goods, especially relatively simple products that are labour-intensive and involve a large proportion of natural resource inputs. Indeed, the proportion of industrial goods in

1 The “low-income countries” make up a group comprising 66 countries, all of which had per capita incomes below \$800 in 1995.

2 Annual per capita income in the LDCs (calculated in 1995 U.S. dollars) increased only slightly on average between 1980 (when it was \$272) and 1998 (\$287). Periodic growth rates were –0.1% in 1980-1990 and 0.9% in 1990-1998. In contrast, developing countries as a whole managed an increase from \$892 to \$1,260 in the same period (2.2% in 1980-1990; 3.1% in 1990-1998), and the industrial countries from \$19,452 to \$27,402 (2.4% in 1980-1990; 1.4% in 1990-1998). Also in the same period, the LDCs’ population growth was much faster (at 2.5% in both sub-periods) than in the developing countries as a whole, where growth also eased back from 2.1% in 1980-1990 to 1.7% in 1990-1998 (UNCTAD 2000, p. 215).

Western Europe's imports from LDCs rose from less than 20% in 1980 to almost 60% in 1999. This is the one area in which, in contrast to agricultural produce and minerals, the LDCs have held their (albeit very low) share of the Western European import market, at 0.3% (WTO 2000a, p. 33). At the same time, Western Europe is the most important source of the LDCs' own imports, accounting for more than a quarter – rather higher than in developing countries overall, where the fraction is around one fifth. Once again, industrial products predominate, particularly machinery and equipment, and primary or intermediate products. The focus on Western Europe in the LDCs' international trade is a reflection of the large number of African countries in this group, their relative proximity to Western Europe in geographical terms, and the trade preferences provided to the 77 African, Caribbean and Pacific (ACP) countries under the Cotonou Agreement, which superseded the Lomé Agreements in 2000 and covers 39 of the 48 LDCs.¹

Sectoral diversification of exports during the 1990s helped to boost manufacturing-sector growth in the LDCs, increase the purchasing power of export earnings and thus positively influence the terms of trade.² However, the number of export products in most LDCs is still substantially lower than in most other developing countries, so the sectoral concentration of their exports is more intense (UNCTAD 2000a, pp. 207-209).³ This not only diminishes the improvements in income to be had by engaging in trade, but also makes them more volatile. In addition, development aid granted to LDCs declined markedly in the '90s: in real, per capita terms, public-sector net payments have fallen 45% since 1990, bringing them down to a level last seen in the early 1970s. In contrast to the situation in other developing countries, private-sector inflows did not compensate for this decline, leaving a 39% real drop in net capital transfers to the LDCs since 1990, while their share of long-term net resource transfers to the developing countries as a whole fell from its peak of 18% in 1987 to less than 4% in 1998 (UNCTAD 2000, pp. V-VII). All in all, the patterns and developments shown here underscore the realization documented in the Preamble to the Agreement Establishing the

1 The LDCs which are not ACP countries comprise: Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, the Maldives, Myanmar, Nepal and Yemen.

2 For the entire group of LDCs, average annual growth in industrial net output went up from -1.2% in 1980-1990 to 5.3% in 1990-1998 (UNCTAD 2000, p. 219); the purchasing power of LDCs' export receipts increased 18% in the 1990-1997 period, having fallen by 10% in 1980-1989 (UNCTAD 2000b, p. 51); their terms of trade, expressed as the ratio of the export to the import price index for each country, tended to improve during the 1990s (UNCTAD 2000a, p. 50).

3 The proportion of primary products in the exports of the LDCs as a group fell from 86% in 1980 to 69% in 1997, yet it is still twice as high as in other developing countries (32%). Accordingly, the degree of concentration in the LDCs' export products, as measured by Hirschmann's index, is substantially greater (0.55 versus 0.38 for other developing countries in 1997), and their export earnings are also substantially more unstable (the standard deviation of their annual export growth rates, applying the import price index as a deflator, was 20.3 in the 1980-1997 period, as against 13.4 for the other developing countries (UNCTAD 2000, p. 26).

World Trade Organization (WTO Agreement) “that there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development”.

2.2 Integrating Developing Countries into the World Trading System

The issue of integrating developing countries into the world trading system is the subject of substantial scientific debate. Orthodox teaching maintains that economic policy reforms in developing countries ought to focus on opening up domestic markets to foreign goods, services and factors (labour, capital and knowledge), with a number of complementary institutional reforms supporting the process: tax reforms (to make up for the loss of income from tariffs), a social welfare safety net (to compensate those who lose their jobs), labour market reforms (to promote inter- and intrasectoral labour mobility), education and training programmes (to provide qualified employees for export-oriented companies and investors), and technological support programmes (to improve companies’ ability to compete against imports).

The opposing view to this orthodoxy of integration into world markets (Rodrik 2001), centred around an open economy, is an alternative approach centred around development policy. It places reductions in barriers to trade and mobility within the context of a broad-front development strategy geared towards mobilizing both domestic and foreign resources, and it tends to regard integration into the world market as a consequence of economic and social development rather than the driving force behind them.¹ However, even this approach does not fundamentally question the benefits that can accrue to developing countries from a close involvement in the international division of labour and its system of rules, however strongly it may disagree with regard to the ranking and weighting of economic policy objectives in those countries, or the suitability of various measures and their proper sequencing.

The new concept of “mainstreaming trade” or “integration of trade” endeavours to bridge the divide between these two main schools of thought. In this concept, which has particularly emerged in the Poverty Reduction Strategy Papers (PRSPs) coordinated by the World Bank, the idea is that a country’s trade development strategy should be properly embedded in its overall development and poverty reduction strategy. In line with

¹ Rodrik (2001) points out that no systematic causal relationship between the average level of a country’s tariff and non-tariff barriers to trade and its economic growth rate has yet been empirically verified. The only thing that is relatively clear, he continues, is that countries have usually lowered trade barriers as their economies have grown, and that successful countries have typically combined the opportunities offered on world markets with a growth strategy to unlock the potential provided by domestic institutions and investors.

the principle of country ownership, the country should determine its own strategy, set its own priorities and assume responsibility for executing and fulfilling them.

The system of international trade promotes the integration of developing countries into the world market by

- breaking down both domestic and foreign barriers to trade
- maintaining discipline in domestic and foreign trade policies, and in other policy areas relevant to trade
- and by providing technical support in implementing multilateral trade rules.

From the outset, developing countries were granted special status under the General Agreement on Tariffs and Trade (GATT). This involved three phases:

- 1947-1965: Article XVIII of the GATT permitted protective tariffs for infant industries and the imposition of quotas to protect a country's balance of payments.
- 1966-1986: In 1966, a separate chapter dedicated to trade and development was added to the GATT (Part IV), a prime component of which was that industrial countries should waive their rights of reciprocity in trading relations with developing countries; in 1971 a specific waiver was established to allow tariff preferences to be granted unilaterally to developing countries, and this was made generally applicable in 1979 by an enabling clause which exempted developing countries (actively and passively) from obligation to apply the most-favoured-nation principle.
- Since 1986: Developing countries have subjected themselves more strongly to the discipline of multilateral negotiations and accepted the obligation to reciprocate preferences.

During the first two of these phases, the developing countries tended to play both a marginal and a defensive role in the GATT trade liberalization negotiations, from the Geneva Round of 1947 to the Tokyo Round of 1973-1979; their main concern was to attain exemptions from GATT principles and disciplinary arrangements in order to compensate for the "structurally favoured" position of the industrial nations. So they pushed for "special and differential treatment" (SDT) with regard to (1) protecting their domestic markets, (2) gaining access to foreign markets, and (3) their obligation to exercise reciprocity in liberalization negotiations. During the third phase of their relations with the international trading system outlined above which commenced with the Uruguay Round, though they did not relinquish their claim to SDT, the developing countries did nevertheless play a more active part in the negotiations. In this, the eighth and most recent trade liberalization round to be completed, the developing countries entered into some substantial obligations to liberalize.

While special and differential treatment was further extended during the Uruguay Round – the resulting agreements, understandings, declarations and decisions include a total of 97 SDT provisions (WTO 2000d) – this time it was nevertheless accentuated differently. Now, rather than complete exemptions from multilateral obligations, the emphasis has been on differential requirements for fulfilling them (e.g. differences in thresholds), longer implementation periods, and the provision of technical support to facilitate compliance.¹ This simultaneously took account of the fact that the group of “developing countries” has become increasingly heterogeneous, so the SDT provisions include not only this category but also others such as “Least Developed Countries”, “smaller producers”, “poorer countries”, and so on, with the result that SDT benefits are now “tiered” in various country groups (Whalley 1999, p. 1073). For example, the offer of technical support in the fields of training and capacity-building is addressed to developing countries as a whole in certain passages of the Agreements, but only to Least Developed Countries in others (Oyejide 2000, p. 119). Unfortunately, the technical support is not secured by binding obligations, and implementation in practice has been seen as rather disappointing (Michalopoulos 1999; Wang and Winters 2000).²

In parallel to the multilateral liberalization process, more than 60 developing countries have also carried out unilateral reductions in import barriers since the beginning of the Uruguay Round. This has typically taken place in the context of a realignment of economic policy to fundamentally embrace market principles, the external components of which have been the promotion of exports through diversification, the attraction of inward direct investment, and the step-by-step liberalization of capital flows (Bender 2000, p. 10). The unilateral reductions in trade barriers have been quantitatively more significant than the multilateral ones, particularly as very few developing countries took on any tariff-reduction commitments during the Uruguay Round that would result in any cuts above and beyond what they were already putting into practice (Zattler 2000, p. 103).³ In the Least Developed Countries, trade liberalization has chiefly formed part of an IMF-funded structural programme (via a Structural Adjustment Facility or En-

1 The results of the Uruguay Round of negotiations are laid down in 23 agreements and understandings annexed to the Agreement Establishing the World Trade Organization that was signed in Marrakesh on 15 April 1994. These are supplemented by 27 ministerial declarations and decisions (Benedek 1998, p. 5). For a detailed review of the WTO provisions benefiting developing countries or LDCs and of their implementation, see UNCTAD (1998, pp. 74-77).

2 For an overall report on deficiencies in implementing special and differential treatment, see UNCTAD (1998a, p. 84).

3 Consequently, in many developing countries their “bound” tariff rates remain well above those they are actually applying. The average level of bound tariffs in developing countries is still 40%, which is about the level found in the industrial countries when the multilateral reduction process began in 1947. Thus the developing countries would be in a position to raise import duties substantially without breaching their obligations under the GATT (Senti 2001, pp. 8-10).

hanced Structural Adjustment Facility), and this has meant that progress has been faster than in other developing countries.¹

Liberalization in domestic markets also acts as a fillip to an economy's exporting capabilities, as the inefficiencies are eliminated which often act as a stronger brake on exports than restricted access to foreign markets.² Nevertheless, barriers to access are still substantial in spite of the preferences granted. Two classic examples are the textiles and clothing industry – in which progress in relaxing import quotas is very slow and tariffs in the industrial countries as a group are three times as high as they are for industrial goods in general – and the agricultural sector, where market access is impeded by high subsidies to domestic producers.³ In recent years, in the wake of the 1996 G7 summit in Lyons and the WTO Ministerial Conference in Singapore which issued a Plan of Action for Least Developed Countries,⁴ a number of initiatives have been launched to increase preferential opening of industrial countries' markets for the LDCs' products, including the Everything But Arms (EBA) programme put forward by the European Union (EU) which has granted market access free of any tariffs or quotas to LDC products since 5 March 2001.⁵ The initiative would go much further if it involved a lasting guarantee of free market access, were extended to cover all products, and were backed up by straightforward, transparent country-of-origin rules (IMF/World Bank 2001, p. 7).

1 "In 1999, for 43 LDCs for which data are available, 37 per cent had average import tariff rates of below 20 per cent coupled with no or minor non-tariff barriers, whilst amongst the 78 other developing countries in the sample, only 23 per cent had this degree of openness" (UNCTAD 2000, p. V). Within the larger group of "low income countries" (taking in 66 developing countries where per capita income was below \$800 in 1995), the World Bank reports a fall in the average tariff rate from some 45% in the early 1980s to approx. 20% in the late 1990s, a figure just slightly higher than that of the middle income group encompassing 72 developing countries with 1995 per capita incomes in the \$800-4000 range (World Bank 2001, pp. 52-53).

2 For example, liberalization of "backbone services" such as transport and logistics, financial services and telecommunications can substantially improve exporting capabilities: "Inefficiencies in these sectors often add more to export costs than foreign trade barriers" (IMF/World Bank 2001, p. 6).

3 Agricultural subsidies in the Organization for Economic Cooperation and Development (OECD) are estimated to total \$300 billion, equivalent to the combined national product of all of sub-Saharan Africa (James Wolfensohn, quoted in the *Financial Times*, 17 July 2001: "United stand on making the poor a priority"). The countries of sub-Saharan Africa are also estimated to lose out on trade worth \$20 billion due to tariff barriers and quotas; this figure is \$6 billion higher than the total development aid provided to the region (*Financial Times*, 8 June 2001).

4 The main components of the Plan of Action are improved market access for LDCs' products and technical assistance within the Integrated Framework.

5 However, certain "sensitive" products besides arms are still excluded by the programme, at least for the time being: bananas, rice and sugar. The plan is also to have a protective clause written into the arrangement, to allow trade barriers to be rebuilt in the event of export surges or a "disturbance" of EU markets. For an overview of all initiatives of this kind, see: IMF/World Bank 2001, p. 35.

2.3 Trade-Related Technical Assistance for Developing Countries – A Review of New Initiatives

The need for trade-related assistance in the developing countries, particularly the least developed among them, has been recognized for some time. Numerous donor countries and multilateral organizations are involved in offering such support. During the Uruguay Round, it was also soon realized that special assistance needs would also arise, especially in view of the new obligations the developing countries were accepting.

- Accordingly, the *Final Act* of the Uruguay Round contained the requirement to provide technical assistance to developing countries – especially the poorest of them – to allow them both to meet their new obligations and to utilize the new opportunities available to them.
- This means that providing technical assistance is one of the WTO's standard tasks. To be better able to meet the substantial needs in this area, the WTO's own limited resources have been supplemented by voluntary contributions from certain member countries. In 1999, a *Global Trust Fund* was established at the WTO.
- Numerous bilateral donors and regional or multilateral development organizations have taken specific technical cooperation initiatives relevant to the WTO; besides the WTO itself, the most prominent of these have been UNCTAD and the ITC.¹
- An important source of impetus in bundling and coordinating the numerous bilateral and multilateral initiatives was the Comprehensive and Integrated WTO Plan of Action for Least Developed Countries agreed at the Singapore Ministerial Conference in December 1996.
- Then, in October 1997, a High-Level Meeting on Integrated Initiatives for Least Developed Countries held in Geneva laid down an "Integrated Framework for Trade-Related Technical Assistance, Including for Human and Institutional Capacity-Building to Support Least Developed Countries in their Trade-Related Activities".
- Following plans initiated by African trade ministers in 1994, the WTO, UNCTAD and the ITC had already agreed upon a similar programme specifically tailored to African developing countries, which began to implement specific TC projects as the Joint Integrated Technical Assistance Programme (JITAP) in March 1998.
- In July 1998, the WTO and the World Intellectual Property Organization (WIPO) agreed upon a Joint Initiative on Technical Cooperation specifically to provide developing countries with support in implementing the TRIPS agreement.

¹ See: http://www.wto.org/english/thewto_e/teccop_e/multi_guide_e.htm, http://www.wto.org/english/thewto_e/teccop_e/reg_guide_e.htm, and http://www.wto.org/english/thewto_e/teccop_e/bil_guide_e.htm.

2.4 German Trade-Related Assistance: Germany's Contributions to the WTO Global Trust Fund

A large number of developed countries now participate in these joint programmes or have taken their own bilateral initiatives, and Germany is one of them. Trade assistance has been one of the traditional areas covered by German development cooperation for decades, as shown in the review in Appendix 3. More recently, Germany has made a number of WTO-related commitments, which include:

- a contribution to the Global Trust Fund established at the ITC
- two country programmes as part of the JITAP
- and two contributions to the WTO's Global Trust Fund.

Germany has not yet made any contribution to the Integrated Framework. The WTO Global Trust Fund contributions consist of:

- a DM1 million grant made in January 2000 for a four-year period; this is intended to allow TPRs to be carried out in developing countries, and the TPRM itself to be further developed with the objective of adapting it better to the specific needs of developing countries (see Appendix 5)
- and a DM2 million grant made in December 2000, also for a four-year period, among the purposes of which is the promotion of WTO Reference Centres in developing countries, especially in the poorest of them, and to back the planning, execution and coordination of technical assistance (see Appendix 5).

The TPRM-related contribution by the German state has been kept relatively general in its aims and purposes. In contrast to the contributions from other donors, it leaves some leeway as regards how the funds should be used. This is welcomed by the WTO in that it will not have any substantial adverse bearing on the planning of the organization's own technical assistance. Nevertheless, there is a consensus between the WTO and the German government that the funds ought chiefly to be used for conducting further TPRs, with the aim of having covered all of the LDCs at least once as early as possible. The German side also stated its expectation both that the analyses would be conducted by the developing countries themselves to a considerable extent, giving them "ownership" of the process, and that they would highlight points of departure for technical assistance in improving these countries' trade policies.¹ Germany also called for the analyses not to be confined to trade policy in a narrow sense but also to address issues of sustainable development. In the event, Germany's Trust Fund contribution was used in the first year entirely to finance new TPRs, namely in Madagascar and Mozambique. These two TPRs are among the first WTO reports of this kind to include a separate sec-

¹ Cf. BMZ: Pressemitteilung Entwicklungspolitik (development-policy press release) no. 5/2000, 24 January 2000.

tion determining and describing what technical assistance is required in the trade policy field. As yet, no further changes have been made in the reporting content or format.

During 2001, the German funds are earmarked for two further TPRs, on Uganda and Malawi, while a review covering Zambia is planned for 2002. In its first report on the use of the German funding, the WTO has announced that it will add a preparatory phase ahead of the actual TPR process, to give the institutions and the people in the country who will be responsible for it the opportunity to familiarize themselves with the Trade Policy Review Mechanism.¹

The use of Germany's WTO Trust Fund contributions is not due to be separately evaluated. However, it is intended to involve the German side in the overall evaluation of the Global Trust Fund.

The study will now examine possibilities for further developing the TPRM both in the spirit of Germany's trust fund agreement with the WTO and in line with the German side's expectations reaching beyond that agreement.

3 THE TRADE POLICY REVIEW MECHANISM (TPRM) FROM A DEVELOPMENT PERSPECTIVE

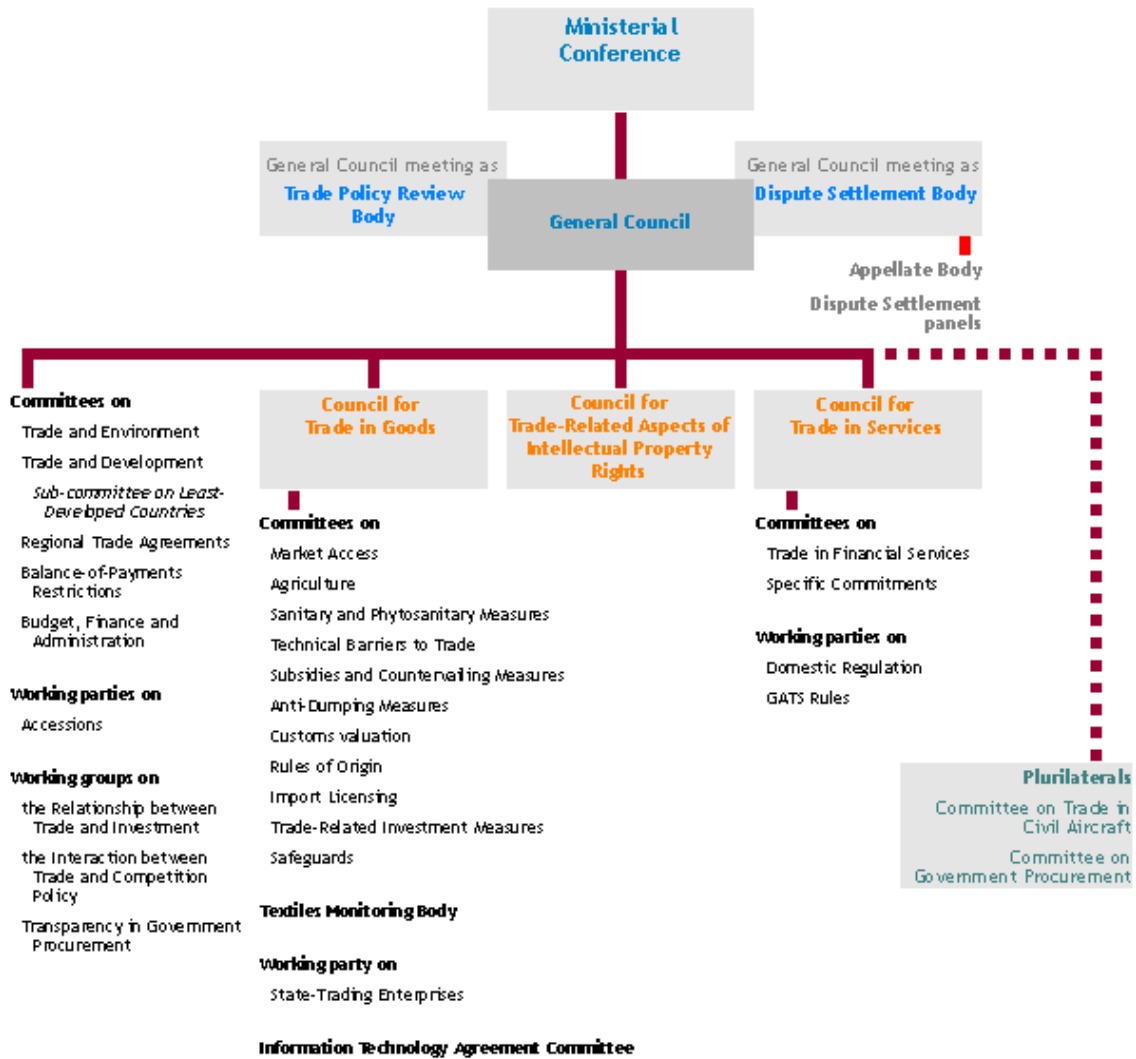
3.1 Objectives of the TPRM and its Position within the WTO System

The Trade Policy Review Mechanism ("TPRM") was first established on a temporary basis in 1989 during the Uruguay Round, having been agreed upon at the "half-time" conference in Montreal. Five years later, in April 1994, it was permanently embedded into the WTO system without any major alterations to its substance: it is documented in Annex 3 to the Agreement Establishing the World Trade Organization (WTO Agreement). Like the dispute settlement procedure, the TPRM is placed on the level of the General Council within the WTO hierarchy – thus the General Council, when exercising this function, meets as the "Trade Policy Review Body". The mechanism's place in the hierarchy makes it clear that the TPRM covers the entire ambit of the WTO. The mechanism itself fulfils one of a total of five key functions of the organization, set out in Article III of the WTO Agreement.²

1 See the following chapter for further details on the TPRM in its altered form.

2 The other four functions consist of: implementing the specific WTO Agreements, negotiating both old and new issues, dispute settlement, and cooperation with the World Bank and IMF.

Organization Chart of the WTO



Annex 3 to the WTO Agreement, under “A. Objectives” states that a prime purpose of the TPRM is to investigate the “[impact of] ... Members’ trade policies and practices on the functioning of the multilateral trading system.” By assuring “greater transparency in, and understanding of [these] policies and practices”, it is hoped that the TPRM will “contribute to improved adherence by all Members to the rules, disciplines and commitments” agreed under WTO auspices, “and hence to the smoother functioning” of the WTO system. The OECD’s annual country reports are regarded as a model for the TPRs. The regular reviews of trade policy are expected to exert a disciplinary influence on the countries concerned, and grey-area measures may also well be included in the review (Benedek 1998, p. 33). However, the TPRM is not “intended to serve as a basis for the enforcement of specific obligations under the Agreements or for dispute settlement procedures, or to impose new policy commitments on Members.”

In addition to its actual trade policies, the trade policy review of a country should, “to the extent relevant”, be conducted “against the background of [its] wider economic and developmental needs, policies and objectives, ... as well as of its external environment.” This additional set of tasks for the TPRM matches one of the WTO’s overriding goals of coherence in economic policy, in recognition of the “ever-growing interactions between the economic policies pursued by individual countries, including interactions between the structural, macroeconomic, trade, financial and development aspects of economic policy-making.” Though harmonizing such policies is primarily up to governments at the national level, “their coherence internationally” is nevertheless “an important and valuable element” in increasing their effectiveness at national level.¹

The new priority attached in the Poverty Reduction Strategy Papers to the “mainstreaming of trade” casts new light on the (optional) consideration given in the TPRM to lines of interaction between trade policy and overall development policy. It might therefore be a desirable goal of TPRs to support the integration of trade policy (including the implementation of WTO obligations) into the PRSP process. TPRs would have an important contribution to make, for example, by analysing the “institutional interaction” among various policy-making bodies in a country when trade policy is drawn up and implemented, and by throwing light upon any deficiencies in this area. Trade policy reviews might also be helpful in assessing a national trade and economic policy regime in its regional context, and also in evaluating the role of regionalism within the multilateral trading system.²

From the developing countries’ point of view, two types of possible benefit from the TPRM are worth highlighting, resulting either from their own TPRs or from those carried out with their trading partners:

- When developing countries are reviewed, TPRs may help to build confidence among investors in as far as they reduce country risk. “Locked-in” political reforms tied to external obligations are likely to be regarded as much harder to reverse than measures that have been taken in isolation. Periodic monitoring of trade reforms in the context of the TPRM may encourage this perception on the capital markets, boosting the willingness to invest.³

1 WTO: Ministerial Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking, p. 387 (to be found at http://www.who.org/english/docs_e/legal_e/32-dcohr.pdf – as at October 2001)

2 On this latter point, cf. also the Trade Policy Review Body’s 2000 report on the TPRM (WTO Document WT/TPR/86 dated 13 October 2000, p. 3).

3 In this sense, the TPRM is seen as just one among a large number of means of improving the negative image suffered by many developing countries: “The TPRM can at best be one piece in a multipronged approach to boosting the economic climate in developing countries ... it is only one of many elements (and one subject to political constraints in practice)” (Francois 2001, p. 308).

- TPRs addressing trading partners can ease the developing countries' access to export markets by encouraging those trading partners to fulfil their multilateral obligations and by generally reducing uncertainty with regard to trading conditions in other countries.¹ Increasingly, that also includes markets in other developing countries. An example cited is the curbing of anti-dumping measures.²

Although the TPRM is primarily intended as a vehicle for creating positive externalities or providing public goods in the form of information pertinent to trade policy (Keesing 1998, p. 27) – and is neither meant to apply leverage in enforcing WTO obligations nor to serve as an “armoury” in cases of dispute – it does, in reality, function as an institutionalized form of peer pressure (Curzon Price 1991, p. 238). Similarly, the use of information from TPRs during dispute-settlement proceedings is noted as a *de facto* consequence, and indeed an intentional one, of establishing the TPRM (Qureshi 1995, pp. 492-496).

3.2 Conduct and Frequency of Reviews

TPRs are a compulsory exercise for all WTO members, with no opt-out available (Qureshi 1995, p. 494). The review of a particular country, or group of countries, is based on two submitted documents: a report drawn up by the WTO Secretariat's Trade Policy Review Division (TPRD) – or “Secretariat report” – and a report by the government involved (the “government report”). A draft of the Secretariat report, excluding the conclusions drawn, is sent out to the government(s) concerned for comments before the General Council holds its meeting as the Trade Policy Review Body (TPRB) in Geneva. This meeting is the culmination of each trade policy review. To start the proceedings, two discussants elected from among the WTO membership – normally one industrial and one developing country, each to act on its own responsibility – first give their response to the two reports, after which other participants may air their views. On the second day of the meeting, representatives of the country subject to review then have the opportunity to respond to the questions raised and comments made, and views may be freely exchanged. The chairperson gives his or her conclusions to end the meeting. Any differences of opinion over this procedure have tended to flare up in connection with the

1 In this respect, Francois (1999) points out the positive macroeconomic welfare effects generated by a reduction in the politically induced volatility of the terms of trade, and hence a lower effective tax on the sector producing tradable goods.

2 “[The TPRM] makes it easier for the developing countries to point collectively to the use of dumping duties by the European Union and the United States against developing countries” (Francois 2001, p. 306).

role of the discussants.¹ To ensure that the discussants retained a neutral stance, it might be worth considering using only people who are not members of any government, and who are familiar both with the procedures of the TPRM and with the country under review. A similar selection procedure might be applied to the one used for choosing panellists in the dispute settlement mechanism (Mah 1997, p. 55).

Over the duration of the TPRM's operation (early 1989 to the end of 2001), a total of 151 TPRs have been carried out involving 74 WTO members in all (counting the 15 EU member states as just one WTO member); taken together, the members reviewed carry out some 85% of total world trade (excluding EU internal trade) and represent about 60% of the organization's membership.² The fact that the WTO members' participation in the TPR process is still incomplete is substantially attributable to the LDCs. Only eleven of the 29 countries in this category that are WTO members (out of 48 LDCs in all) had been reviewed by the end of 2000, one of them (Bangladesh) had been the subject of two TPRs. Two further LDCs – Madagascar and Mozambique – were reviewed for the first time in 2001, while Uganda underwent its second review. Overall, then, the participation rate in this category is less than one half.³

Reviews are carried out at differing intervals (extendable by up to half a year) depending on a WTO member's significance in terms of its share of world trade "in a recent representative period". The interval for the leading trading powers of the United States, EU, Japan and Canada (referred to as the "Quad" members) is two years, then it is four years for the next 16 members using the above criterion, and six years for all other WTO members except the LDCs, for which longer intervals may be determined.⁴ The procedure has since been altered for the Quad members, to the effect that their TPRs will now alternate between a full and an "interim" review. However, the new approach is widely held to have effectively failed in practice because the interim review is required to be "comprehensive in scope" just like the full review, making it hardly any less time-consuming to prepare. The EU has therefore proposed that either the review interval be increased to three years for the Quad members or that the present biannual

1 An example is the criticism voiced by developing countries, especially India, following the decision to operate without discussants for the fifth TPR on the EU in July 2000. For details of this, see SUNS (Email edition) 18 July 2000, pp. 10-12.

2 As of the end of 2001, the WTO had 143 member countries (or rather, 129 members if the EU is counted as a single member).

3 For the remaining 72 developing countries belonging to the WTO, the participation rate is just short of 80%, while it is 100% for the 25 industrial countries including the EU but, because most of them have only recently joined the organization, less than one third for the 16 transition countries with WTO membership. See Appendix 8 for details of TPR participation, broken down into country categories.

4 See item "C. Procedures for review" in Annex 3 to the WTO Agreement, "Trade Policy Review Mechanism".

reviews be simplified in their operation.¹ As far as the LDCs are concerned, there is general agreement that the countries that have not yet been reviewed ought to be brought into the TPR process at the earliest opportunity. Indeed, given the generally low level of these countries' integration into the multilateral trading system, and also to prevent the lessons learned from the reviews from "leaching away", the feeling is that it would be appropriate to actually shorten the interval between TPRs for the LDCs, possibly by applying a model involving interim reviews as in the case of the Quad members. The Secretariat reports forming part of the LDC reviews would also need to be broadened in scope and to provide added detail, so as to cover all trade-relevant aspects and institutions, including the private sector, and also the implications of the WTO Agreements for the country's economy. However, this could only be achieved by a major shift in the use of resources within the TPRD and/or by substantially increasing its funding (whether in the regular budget or via trust funds). This is all the more true because the review intervals for the other members are required to remain unchanged – the developing countries in particular reject any lengthening of the interval for Quad members – and also because first-time reviews still need to be conducted for numerous other developing countries, and because further accessions to WTO membership are likely.

The core product of the TPR process is the Secretariat report. The underlying structure of this report has changed little since 1991, when it first appeared as a separate TPR volume (Volume I).² Up to the first three reports presented in 1996, the Secretariat report always consisted of six standard chapters,³ which thereafter were cut down to these four:

- I. The Economic Environment
- II. Trade Policy Regime: Framework and Objectives
- III. Trade Policies and Practices by Measure
- IV. Trade Policies and Practices by Sector

1 According to the minutes recorded by the German delegation to the United Nations of the preparatory discussions in the Trade Policy Review Body for the first evaluation report on the TPRM.

2 Volume II contained the government's report, the minutes of the TPRB meeting, and the chairperson's concluding remarks. In the first two years (1989-1990), the TPRs were issued in a single volume with the same combined contents, and this has again been the case since 1995. Early Secretariat reports, such as the report on the United States in 1989, were broken down into two parts (A. Trade policies and practices; B. Background against which the assessment of trade policies is carried out: Wider economic and developmental needs, external environment).

3 The original chapter headings were: I. The Economic Environment; II. Trade Policy Regime: Framework and Objectives; III. Foreign Exchange and Investment Regimes; IV. Trade Policies and Practices by Measure; V. Trade Policies and Practices by Sector; VI. Trade Disputes and Consultations.

The issues that formerly had separate chapters devoted to them – chiefly direct investment and trade disputes – have been integrated into the new report structure.

Questionnaires are the most important source of information for the Secretariat report. Some ten months before the concluding TPRB meeting in Geneva, the government of the country under review is issued with a standard questionnaire which is already structured in a similar way to the Secretariat report. A second questionnaire is also frequently sent out, especially to developing countries, to take up points that are not yet resolved, and this is tailored to conditions in the country concerned. The preparations for the Secretariat report also include a visit to the country's capital city by a 2-to-3-person delegation from the TPRD. Starting with the second report on Uganda in 2001, this component of the Secretariat reports on LDCs has now been extended in a three-phase procedure consisting of: 1) a brief mission to support the authorities in preparing the necessary documentation, 2) a seminar to explain WTO instruments, provide help with notification procedures, etc., and 3) a final mission to discuss the draft of the Secretariat report and provide assistance in preparing the government report. A position has been established within the TPRD especially to monitor this multi-phase process, the holder of which maintains liaison with all participating parties, in the role of a “go-between”, engages the services of consultants where necessary, and is called upon to make sure that representatives of relevant institutions in the country under review take part in the TPR.

The questionnaire method applied by the TPRD makes greater demands upon the responding country than the more personnel-intensive approach to data collection taken by other international organizations, so this in itself creates a need for technical support.¹ At the same time, there is close cooperation with other organizations, particularly the IMF and World Bank, in gathering and evaluating information (Laird 1999, pp. 755-56). For example, IMF macroeconomic “modules” are used, while certain elements of structural analysis are taken from the World Bank. Conversely, the intention is to make greater use of the findings in TPR reports at Integrated Framework round tables and in PRSPs. The reports on Uganda and Zambia are good examples of this. Whatever interchanges take place, no one questions the TPRD's need for its own analytical capabilities on issues relevant to trade. The first evaluation report on the TPRM, presented by the TPRB in October 1999, notes that this is the only multilateral mechanism that conducts

¹ The burden is eased to a certain extent, varying from one country to another, by increasing recourse to alternative information sources such as the Internet (see the TPRB's 2000 report on the TPRM, in WTO Document WT/TPR/86 dated 13 October 2000, p. 2).

comprehensive evaluations of trade policy strategies and their coherence in a given economic environment.¹

Within the WTO Secretariat, the TPRD is institutionally linked particularly to the Development Division, the Technical Cooperation Division and the Secretariat Working Group (SWG) on the Integrated Framework and LDC Issues. The internal flow of information within the WTO is a controversial issue. Certain barriers continue to function, especially between the TPRD and the Integrated Database (IDB) in which information on the WTO members' imports and tariffs is stored.² Developing countries in particular tend to express reservations about any free access to the IDB, just as they reject any formal involvement of the IMF and World Bank in the TPR process.³ On the other hand, the EU is the chief proponent of improved data interchange within the WTO Secretariat, but it has not had its way with regard to the IDB.⁴

Staffed by a Director with 16 full-time and 11 part-time or temporary employees, the TPRD is poorly resourced in comparison to the "legions" of analysts involved in country monitoring for the IMF and World Bank. Moreover, at the time of the change-over from the GATT to the WTO, the growth in resources did not match the growth in the tasks the organization must perform. There are similar difficulties in the Technical Cooperation and Training Divisions (Blackhurst *et al.* 2000, p. 505).

3.3 Scope and Depth of the TPRM: More than Just a Policy Inventory for the Trade in Goods

In the wake of the WTO's establishment in 1995, supported by its three mainstays of the GATT 1994 (plus supplementary agreements also covering trade in goods, such as the Agreement on Trade-Related Investment Measures – TRIMS), the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the obligatory range of topics covered by trade policy reviews was extended to take in all of the WTO Agreements, also including the plurilat-

1 Cf. WTO Document WT/MIN(99)/2 dated 8 October 1999, p. 2 (reproduced in Appendix 6 below).

2 However, it should be noted that only some of the WTO's members have actually supplied this information for the IDB (WTO 2001, p. 53).

3 Nevertheless, according to its Director the TPRD makes considerable use of IMF Staff Papers when drawing up the Secretariat report, and keeps up a broad-based interchange of experience with the IMF Secretariat (see the minutes recorded by the German delegation to the United Nations of the preparatory discussions in the Trade Policy Review Body for the first evaluation report on the TPRM).

4 In the TPRM evaluation report (see Appendix 6 to this study) the rather Solomonic wording chosen is that "there should be a two-way flow of information between the Trade Policy Review Division (TPRD) and other parts of the WTO Secretariat, including the Integrated Database; however, this should safeguard restricted information and not affect Members' rights and obligations" (p. 2). On this debate, see the minutes recorded by the German delegation to the United Nations of the preparatory discussions in the Trade Policy Review Body for the first evaluation report on the TPRM.

eral agreements involving just a limited number of WTO members. In particular, this entailed a widening of the earlier focus on trade in goods alone to also take in the services sector, and of the focus on trade policy issues as narrowly defined to take in the trade-related aspects of protecting intellectual property rights and of direct investment. These changes reflect a growing tendency for the trade policy agenda to encroach upon fields previously considered to belong to the domain of domestic economic policy. In turn, this tendency raises the question of the extent to which TPRs ought to follow on by including more aspects in the reviewing and reporting process.

The following are the main points that could be considered for inclusion in a programme for “broadening and deepening” TPRs:

- coverage of fields not regulated by the WTO
- investigation of policy-making interdependencies
- economic impact analysis
- identification of barriers to entry in export markets
- assistance on adherence to the rules
- revelation of possible weak-points in the system of multilateral regulation.

A number of topics *not regulated* by the WTO, such as competition policy and the policy towards direct investment (beyond TRIMS) have already been addressed by the WTO Secretariat’s TPR reports for some time, though on an optional basis and with varying degrees of intensity from one case to another. The OECD has made the additional proposal that TPRs should examine compliance with fundamental labour standards in certain exporting industries or free trade zones, also involving the International Labour Organization (ILO) in drawing up the relevant passages in the Secretariat report.¹ However, all attempts to implement such a change have so far fallen through, after encountering concerted resistance by developing countries. The situation is a similar one as regards minimum environmental standards. Across the board, developing countries tend to insist on TPRs being confined to the topics explicitly regulated by the WTO Agreements, whereas the industrial countries (especially the EU member states) normally favour addressing a broad spectrum of trade-related topics, including issues of sustainable development. This was also strongly in evidence during the TPRB’s preparatory discussions on the first TPRM evaluation report.²

1 “This TPRM option would provide a peer review process that would not be substantially different from the existing procedures in the ILO” (OECD 1996, p. 175).

2 See the minutes recorded by the German delegation to the United Nations of the preparatory discussions in the Trade Policy Review Body for the first evaluation report on the TPRM. The report itself speaks of the “appropriate balance between the traditional and relatively new areas of the WTO” which the TPR Division ought to endeavour to attain in its reporting (see Appendix 6 to this study, p. 2).

When trade reforms are carried out this often affects other policy fields, too, calling for complementary measures to ensure their effectiveness. One example of these *policy-making interdependencies* is the fact that cuts in customs duties can severely affect the public-sector budget in many countries, with all the macroeconomic impacts this implies. So reforms in tariffs need to go hand-in-hand with tax reforms (IMF 1999). Similarly, reforms in regulatory fields and in competition policy are often a necessary condition for reaping positive growth and development effects from trade liberalization (Jenny and Anderson 2001, p. 10). As a fundamental principle, the theory of domestic distortions or optimum intervention calls for such distortions to be eliminated simultaneously with their counterparts in the external economy if trade liberalization is to prove fruitful.¹ TPRs could help to clarify these connections and show ways of integrating trade policy into poverty reduction strategies. This would require coordination with the proposals for conducting “trade integration studies” in the context of the Integrated Framework (Dadush 2001, pp. 61-62) and including a “trade integration strategy chapter” in the Poverty Reduction Strategy Papers (PRSPs) (Osakwe and Rajapatirana 2001, p. 78).

The data obtained in the process of preparing TPR reports can also inform the policy-making process in the country concerned (Francois 2001, p. 313) and can be utilized in *economic impact analyses*, such as establishing the true cost of protection (by measuring effective rates of assistance),² and the extent of welfare gains and adjustment costs which arise in the course of liberalizing the external economy. Analyses of this kind might also cover other countries besides the one whose trade policies are under review, such as the other members of a regional economic community. The TPRD is currently developing new software able to process the tariff data of about 40 countries to facilitate these comparative analyses. However, systematic data collection across divisional “boundaries” within the WTO Secretariat does not take place, or at least, not yet;³ nor are the capabilities yet in place to make computations using complex econometric models.

A recurring issue at the meetings of the Trade Policy Review Body is that of the *barriers to entry* which the countries under review face in their *export markets*.⁴ Especially for smaller WTO members, the TPR process provides a rare opportunity to put direct questions to trading partners about trade policies or practices which they believe place

1 See Eglin (2001, S. 8).

2 See Berlinski (2000, p. 1213), citing Argentina’s 1999 Trade Policy Review as an example.

3 The phrase used during the authors’ conversations in Geneva was “firewalls between divisions”.

4 Cf. e.g. the TPRs on Mozambique (agricultural produce, textiles and clothing) in January 2001 and Madagascar (agricultural and aquacultural produce) in February 2001 (http://www.wto.org/english/tratop_e/tpr_rep_e.htm).

them at a disadvantage; as such, TPRs may assist the process of demolishing specific barriers around industrial country markets that deny access to developing countries, in a form of “reverse special and differential treatment” (Whalley 1999, p. 1069). Thus the potential “marginal value” of the TPRM as a public good tends to be larger in the eyes of smaller countries than those of larger ones, in view of the information they can glean from their *trading partners’* TPRs (Keesing 1998, pp. 7 & 11). With this in mind, the TPRD’s reports could themselves take closer account of access barriers to export markets, especially as the Division’s reports on trading partners will offer a wealth of relevant information. For the same reason, the information from the TPRD’s individual country reports could also be used for a general review (i.e., not country-specific) of barriers to market entry.

The “disciplinary” aspects of the TPRM – the verification of adherence to WTO obligations and identification of any implementation deficiencies – could be supplemented by a “facilitation approach”. This kind of “positive” adjustment strategy would provide developing countries in general and LDCs in particular with useful *assistance on adherence to the rules* and would enable them to meet their deadlines: “Transition periods are meaningless without the technical cooperation or institution-building, as well as financial resources that must come with it to ensure that implementation is achieved” (Pangestu 2000, p. 1301). At the same time, the *impacts* of implementation would be evaluated, which might exhibit the positive effects of increased integration into the international trading system. That in turn might raise the level of political acceptance for the implementation of WTO obligations.

Finally, a broader and deeper TPRM could be utilized *to reveal possible weak points in the system of multilateral regulation*. As a whole, the WTO’s rules are criticized for not being sensitive enough to development problems, and especially for paying insufficient consideration to LDCs’ capability of implementing rules and decisions. Examples often cited in this regard are the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), the Agreement on Implementation of Article VII of the GATT 1994 (Customs Valuation) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (Finger and Schuler 2000, p. 511). Commentators also fundamentally question the assumption underlying technical assistance that the LDCs’ institutions and policies must adapt rather than the WTO Agreements.¹ In this respect, the TPRM could act as a spur towards making corrections to the multilateral trading rules as they currently hold.

¹ “Technical assistance programmes have been based on the unstated, but false, premise that all the agreements are perfect, and that it is LDCs’ institutions and policies that need to be improved if LDCs are to take advantage of the opportunities presented by the agreements” (UNCTAD 1998a, S. 84).

3.4 Technical Cooperation in the TPRM Context

The Secretariat report on Tanzania in April 2000 marked the first time that a TPR report on an LDC contained a separate item dedicated to “trade-related assistance”.¹ In earlier LDC TPRs, the topic had tended to be dealt with sporadically, and had usually been put forward by governments during “their” TPRB meetings in the form of appeals for assistance in implementing their WTO obligations.² The WTO Secretariat maintained this new item in its subsequent reports on Mozambique (January 2001) and Madagascar (February 2001):³

- The Secretariat report on *Tanzania* evaluates the technical assistance provided to the country’s institutions under the Integrated Framework (IF). It states that the six “core agencies” (IMF, ITC, UNCTAD, UNDP, World Bank, WTO) successfully supported the amendment of Tanzanian trade legislation to bring it into conformity with the country’s WTO obligations, also involving the Joint Integrated Technical Assistance Programme for African developing countries (JITAP) in this process. The government of each country first drew up a needs assessment, which was then met by a “coordinated response of trade-related assistance activities” by the six core agencies.⁴ The priority areas for WTO technical assistance identified in the report were customs, services, and Tanzania’s participation in continuing WTO negotiations covering financial services, telecommunications, tourism and standards.
- For the purposes of its TPR reports on *Mozambique* and *Madagascar*, the TPRD conducted its own needs assessments, with support from the German Trust Fund for Trade Policy Reviews.⁵ In *Mozambique*’s case, the government’s needs assessment for the IF did not give rise to any concrete offers of assistance due to internal problems within the IF as such, while in *Madagascar*’s these were compounded by an official needs assessment that neither provided enough detail nor set out any priorities. The WTO’s TPR report on *Mozambique* sets out objectives and measures for a technical assistance programme lasting several years which could be offered to the country as a follow-up to its trade policy review. The main areas cited as requiring attention were (1) information shortages in ministries, media and the private sector, (2) deficiencies in human and institutional capacity-building, (3) problems with implementing WTO Agreements (fulfilment of notification requirements, adaptation of domestic legislation, effective application of the WTO Agreements, including diffi-

¹ The item appears as a sub-section under “Trade and Investment Agreements and Arrangements”, a section in the standard chapter headed “Trade Policy Regime: Framework and Objectives” in the WTO Secretariat’s report (see Section 3.2 above for details of the standard reporting format).

² Cases when this has occurred are the TPRs covering Uganda (July 1995), Zambia (August 1996), Benin (September 1997), the Southern African Customs Union (April 1998), the Solomon Islands (September 1998), Mali (November 1998), Burkina Faso (November 1998), Togo (January 1999) and Guinea (February 1999). For further details, see http://www.wto.org/english/tratop_e/tpr_rep_e.htm.

³ The appropriate passages from the Secretariat reports on these three countries can be found in Appendices 10, 11 and 12 of this study.

⁴ Tanzania is one of the 12 LDCs that held a showcase round table meeting at the WTO’s High Level Meeting on Integrated Initiatives for Least-Developed Countries’ Trade Development in October 1997; at these meetings, governments presented their needs assessments while the six core agencies presented their proposed technical assistance.

⁵ See Appendix 4 to this study.

culties both in domestic law enforcement and in conforming to technical requirements to access foreign markets), (4) participation in the multilateral trading system, especially in the services sector, and (5) a poorly equipped WTO Reference Centre plus training deficiencies that impeded the Centre's effective utilization. Similarly, the *Madagascar* report singles out scarce resources, overlapping powers and insufficient flow of information between institutions, and a need for support both in implementing WTO Agreements and in adapting national legislation to accepted international practice.

As the examples of these three countries show, the prime contribution the TPR process can make towards trade-related technical assistance lies in the assessment of needs in developing countries, particularly LDCs, and the development of appropriate instructions for action. In the process, this can also provide valuable input for the Integrated Framework.¹ Depending on the case involved TPRs may also, as the Madagascar example shows, patch up certain problems if the ownership approach has not delivered adequate results. Moreover, TPRs offer a context for providing concrete technical assistance. This may be directly associated with TPR reporting (e.g. support in preparing the government report or in filling out questionnaires for the Secretariat report), but may also reach beyond that to include, for example, educational work on how the WTO system operates. The new, three-phase procedure for TPRs covering LDCs (see section 3.2 above) is an example suggesting that there may be scope to do much more.

Implementing the WTO Agreements often involves substantial costs for developing countries. The LDCs in particular face major implementation problems with virtually all of the individual Agreements.² To illustrate, the World Bank has estimated that developing countries already need to pay some \$150 million apiece in non-recurring costs to meet the requirements of just the three WTO Agreements mentioned at the end of the previous section (customs valuation, SPS, and TRIPS). That amount is greater than total annual development-related government spending in many LDCs (Finger and Schuler 2000, p. 525).³ Apart from that, implementation generates substantial increases in on-going current expenditure.

1 Cf. also the TPRM evaluation report (WTO Document WT/MIN(99)/2 dated 8 October 1999, p. 2, reproduced in Appendix 6 to this study), which states that there is scope within the TPR process for paying greater attention to technical assistance needs, and that these assessments ought also to be considered by the other organizations participating in the IF.

2 For details, see UNCTAD 1998a, p. 67.

3 The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is especially costly in this regard, bringing in its wake the need for far-reaching reforms in the administration of intellectual property rights, in judicial procedures, and in customs operations, as well as in the underlying national legislation (UNCTAD 1998a, p. 65).

The main focus of technical assistance is on the development of standards for both products and processes, coupled with procedures for testing conformity, and also on the fulfilment of the numerous notification obligations under the WTO Agreements:

- For example, to safeguard its opportunities to export and to justify import restrictions, a country is required to adapt its system of sanitary and phytosanitary (SPS) measures to international standards. Yet a large number of developing countries do not have the capacity to develop their own technical standards or ensure conformity to foreign ones (World Bank 2001, p. 87).
- The WTO system includes a total of 215 notification requirements (Gallagher 2000, p. 101), which LDCs in particular currently fulfil only to a limited extent because they lack the necessary personnel and institutional capacity.¹ Thus there is a need to step up training activities to promote understanding of and compliance with these obligations, while support is required in setting up appropriate administrative reporting systems (UNCTAD 1998a, p. 81).

The core components of the WTO's technical assistance activities comprise support for developing countries in fulfilling their obligations resulting from the WTO Agreements, including notification requirements, together with training for developing country representatives both on general trade policy issues and more specifically on the WTO's system of rules.² In accordance with the Guidelines for WTO Technical Cooperation dated 15 October 1996, priority is given to the LDCs, which receive 40% of the total WTO resources allocated to technical assistance (Carey and Osakwe 2001, p. 65). The fruits of these activities arranged by the WTO Secretariat's Technical Cooperation Division, which will include improved notification of trade policy measures and regulations, can also serve as a useful source of information for reporting in the TPR context. Similarly, TPR reporting is likely to benefit from improved training of staff – by the WTO's Training Division – in the appropriate institutions within a country.³ For its own part, the TPRD is in a position to prepare the ground for technical cooperation, and can “start the ball rolling” for assistance measures when, for example, the weak-points are identified in notification practices (Laird 1999, p. 751). This “division of labour” within the WTO is also reflected in Germany's contributions to the organization's Global Trust Fund, the dual purpose of which is to encourage the TPRM to cater to the specific needs

1 Out of 215 notification requirements in all, 175 are linked to the GATT covering trade in goods (Annex 1A to the WTO Agreement) and the remaining 40 to the GATS and TRIPS agreements (Annexes 1B and 1C). There are three types of requirement, for: (1) *ad hoc* notification, (2) once-only notification, and (3) regular or periodic notifications (UNCTAD 1998a, p. 65).

2 Cf. the working report “Implementation of WTO Agreements: Possible Assistance to Least-Developed Countries” issued by the WTO Secretariat (WTO Document WT/COMTD/LDC/W/19).

3 The Training Division offers regular trade policy courses, and has staged additional courses for LDCs since 1998 on specific issues relating to the international trading system.

of developing countries on the one hand while intensifying a number of variants of technical assistance on the other.¹

Beyond its immediate WTO context, the TPRM is also seen as a useful aid to monitoring the progress of the IF, while the IF itself is regarded as complementary to the PRSPs, all of which is to ensure that trade policies and technical assistance relating to them are incorporated into, or “mainstreamed in” development strategy (Osakwe and Rajapatirana 2001, p. 77). In this context, proposals have been put forward that the WTO’s trade policy reviews ought to be organizationally interlinked with PRSP processes, and ought to be extended in their content to take in issues relevant to development.² However, the TPRs’ contribution towards “trade-related capacity building” would largely need to concentrate on promoting “trade rules compliance capacity”, as against “trade competitiveness capacity”.³

4 THE TPRM’S PLACE IN THE OVERALL DEVELOPMENT COOPERATION OFFERED BY THE INTERNATIONAL DONOR COMMUNITY

4.1 Links with the Development Aid Provided by the International Donor Community

Particularly since the inclusion of a separate section on technical cooperation in each Secretariat report, the TPRM should be seen within an overall setting of the trade-related and general development assistance provided by the international donor community. The number of bilateral, multilateral and regional institutions and programmes offering trade-related technical assistance is very large (see Appendix 12). Each according to its specific mandate, the participating institutions operate on a number of different levels. The WTO, for instance, chiefly addresses developing countries’ problems with trade policy, so its prime target group consists of political institutions, whereas the ITC has closer relations with the business community and mainly targets either companies or business-related organizations directly involved in trade promotion; specialized bodies such as the Food and Agriculture Organization (FAO), International Telecommunication Union (ITU) or World Health Organization (WHO) naturally focus on trade-related technical cooperation in their specific thematic fields.

1 See Appendices 4 and 5 to this study.

2 Cf. a report by the German delegation to the United Nations in Geneva covering the seminar on “Policy Relevance of Mainstreaming Trade into Country Development Strategies” (Geneva, 29-30 January 2001).

3 See Haraguchi (2001, p. 3) on these terminological distinctions.

While the benefits of a large, diversified offering of technical cooperation make up the positive side, the other side of the coin is a lack of clarity, coordination and coherence. Not only the developing countries and specific target groups have a sense that the assistance is fragmented, has many overlaps, and is insufficiently coordinated with poor collaboration among donors, but also the institutions themselves have been growing dissatisfied for some time. Two joint endeavours in the last few years, JITAP and the IF, were established to alleviate this problematic state of affairs and to improve the transparency, effectiveness, efficiency and coherence of the trade-related technical cooperation provided by international donors by harnessing together the strengths of the various organizations. Both of these initiatives are especially pertinent to the WTO's aims and interests, and the organization does in fact participate in both. JITAP and the IF will be briefly profiled below, and assessed from the point of view of the WTO's and TPRM's involvement.

4.2 The Joint Integrated Technical Assistance Programme (JITAP) and the WTO

4.2.1 Purposes and Content

JITAP was the first attempt, based on the date of the actual initiative, to bundle the sprawling selection of trade-related technical cooperation (TC) measures, though the framework involved was quite narrowly defined, not only regionally but also with regard to the content and institutions involved. On the initiative of a number of African trade ministers in 1994, the WTO, UNCTAD and the ITC agreed upon a TC programme tailored to the needs of African developing countries in May 1996.¹ The stated goal of the joint programme is to enhance development opportunities for African countries via more effective participation in the multilateral trading system (MTS). The organization's main route to achieving this is institutional capacity-building. The programme is designed to convey a fundamental understanding of the changing MTS and the implications of this for each country's foreign trade, to adapt national trading systems to multilateral obligations and disciplines, and to promote the capabilities of exporters to make the best of the opportunities provided by the MTS.

The programme is divided into 15 "clusters" (see Appendix 13) to fulfil these objectives. The first four of these are all concerned with passing on basic knowledge of the GATT/WTO system of rules. The first, for example, envisages establishing a national coordination mechanism in each country to deal with WTO-related issues, and building up a knowledge base relating to the MTS. The second cluster is devoted to the conse-

1 For more details on this and the following, see: <http://www.jitap.org>

quences of the MTS for a country's national economy, identifying priority sectors and advising on strategies for utilizing the new opportunities offered by foreign trade. Then there are two clusters addressing the national implementation of GATT/WTO rules: they provide both information on and technical assistance in reforming the customs apparatus, and offer advice on adapting foreign trade legislation and regulations.

The next sequence of clusters addresses practical problems on the export side. On a strategic level, the main concerns are with detailed analyses of export potential, and support in devising strategies for particular sectors and products, while the subjects covered on an operational level are trade information, quality management, export financing and other key areas from the point of view of export-oriented businesses.

Finally, JITAP endeavours to make its programme components sustainable in the long term. To that end, it intends to establish and promote reference centres for business, academics and the public, as well as a network of MTS trainers and experts. The programme provides training material and conveys the knowledge required for human capital development.

4.2.2 Outcomes and Reforms

In 1997 and 1998, extensive needs assessments were made in African target countries, priority areas defined and national technical cooperation projects drawn up to meet the needs identified. In 1998, the three sponsoring organizations – UNCTAD, ITC and WTO – joined forces with other donors to set up a Common Trust Fund to mobilize financing for the projects proposed. There are 14 donors contributing funds at present, Germany being one of them. Eight African countries are currently involved in the programme – Benin, Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Tanzania, Tunisia and Uganda – four of which class as LDCs.

After two years in operation, JITAP was evaluated by two international consultants and two donor representatives (see Appendix 15). Although the evaluators found that the programme's goals were too ambitious under the prevailing conditions in LDCs and hence that goal attainment levels were relatively low, they nevertheless reached a positive overall verdict as far as both the collaboration between organizations and the concrete results were concerned (Haefliger et al. 2000, pp. 1-2). The report describes JITAP as a pioneering endeavour to address the problems that poor countries, especially LDCs, have with the multilateral trading system. In most cases, the programme constituted the only real attempt to enable these partner countries to handle MTS-related problems more effectively. It also cites JITAP as a rare example of collaboration between international organizations that is not satisfied with mere coordination but involves proper

joint programming work. In this respect, JITAP is seen in a pioneering role for technical cooperation offered jointly by international organizations. The evaluation report recommends that JITAP should build on its role as a catalyst for trade-related technical assistance, should also include other donor activities, and should be functionally enhanced to become an extended, technical-cooperation arm of the IF. The programme is also credited with having succeeded in mainstreaming foreign trade issues in an overall policy-making context. The successful JITAP experiment is recommended as a model to be more broadly applied, and the report suggests that at least 10-15 further poor countries, including LDCs, should be admitted to the programme.

However, the evaluation report also highlights a number of critical aspects of JITAP, especially the reticence of donors in fulfilling their financial pledges. Another aspect rated as unsatisfactory is the cooperation on the ground with bilateral donors: "Many donors have activities which have so far not in any way been linked to JITAP." (Haefliger et al. 2000, p. 11).

4.2.3 Links with the WTO and TPRM

The goals and substance of JITAP are quite evidently highly pertinent to the WTO's activities, so it is only natural that the WTO is a participating organization. JITAP covers numerous fields of activity in which the WTO operates, to convey information and knowledge on the GATT/WTO system of rules. Needs assessments for technical cooperation conducted under JITAP auspices are also taken into account in the WTO's own TC planning:¹ likewise, the WTO inputs some of its own TC projects into JITAP (see Appendix 14). There is also a link of substance with the WTO Reference Centres (in Cluster 5 of JITAP), which the organization has established not only in the participating JITAP countries but in 78 developing countries in all, including 39 LDCs.² However, not all of the 78 Reference Centres are operating satisfactorily as yet.

It must be particularly pleasing from the WTO's point of view that JITAP has succeeded, according to the evaluation report, in getting capacity-building rolling on MTS topics in the countries selected, in the process triggering a change in attitudes to and knowledge of MTS and WTO issues in the private sector as well. So the conditions under which TPRs might be conducted in these countries ought to have substantially

1 WTO: WTO Programme For Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79 WT/LDC/SWG/IF/7, Geneva, 24 October 2000, Item 7.

2 WTO: Institutional Integration of Least Developed Countries into the Multilateral Trading System, Report by the Director-General, WT/LDC/SWG/IF/16/Rev.1, p. 4.

improved, thus relieving some of the burden of preparatory and supportive TC work required.

However, it should be borne in mind that JITAP covers only a very small proportion of the WTO's membership. Also, the effect outlined above is only likely to have occurred in just a few JITAP countries up to now. Since implementation of JITAP began in 1998, four TPRs have been conducted in the countries involved, namely in Burkina Faso (1998), Kenya (2000), Tanzania (2000) and Ghana (2001), with the Uganda TPR also scheduled for completion in 2001. Because the institution-building process promoted by JITAP will tend not to have a palpable impact until the medium to longer term, the correlation between programme activities and a more favourable attitude to the MTS can be expected to be rather weak at present. The evaluation report confirms this: "The ... objective of adapting national trading systems to the obligations of the MTS, is far from being achieved. A continuing effort will be required not only through JITAP ..." (Haefliger et al. 2000, pp. 6-7). The only area where some success has been achieved is that of customs and standards. Consequently, in its latest TPR on Tanzania the WTO was not able to dispense with preparatory and concurrent TC activities (see preceding chapter).

Whether JITAP will be able to substantially ease the progress of future TPRs by training personnel will be strongly dependent on the extent to which the sponsoring organizations and other donors providing additional financing are willing to extend the scope of JITAP to other countries, as recommended in the evaluation report. If this does not happen, JITAP will remain marginal in its influence, with just eight partner countries while there are 48 LDCs around the world, 29 of them members of the WTO. Indeed, another 19 developing countries have entry applications pending.¹ Chiefly because funding questions are still unsettled, the willingness to expand JITAP can be assumed to be rather limited at present. Moreover, JITAP's relationship with the IF – which, with a similar remit, covers a far broader spectrum of countries yet has so far been ineffective – remains to be fundamentally clarified. So too does the question of what part these two programmes ought to be playing in the implementation of Poverty Reduction Strategies, into which trade policy is now to be integrated in line with the "mainstreaming" philosophy.

¹ Botswana, Cape Verde, Chad, Congo (Dem. Rep.), Djibouti, Ethiopia, Guinea, Haiti, Madagascar, Mauritania, Mauritius, Morocco, Mozambique, Niger, Senegal, Togo, Yemen, Zambia, Zimbabwe. See WTO : WTO Programme For Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79 WT/LDC/SWG/IF/7, Geneva, 24 October 2000, ANNEX III (5).

4.3 The WTO in the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (IF)

4.3.1 Purposes and Content

The Integrated Framework (IF) has its origins in the *Comprehensive and Integrated WTO Plan of Action for Least Developed Countries*, agreed upon at the Singapore Ministerial Meeting in December 1996. In October 1997, the WTO, UNCTAD, ITC, UNDP, the World Bank and the IMF agreed to establish the IF at their High-Level Meeting on Integrated Initiatives for Least Developed Countries in Geneva.¹

The aim of the IF is to increase the benefits that LDCs derive from the trade-related technical assistance provided by the participating organizations and by other multilateral, regional and bilateral donors. This assistance in turn focuses on enhancing the LDCs' trade opportunities, on their responsiveness to international demand, and their integration into the MTS. The closer collaboration among the donor agencies is intended to generate synergies. The principles of the IF are:

- *Demand-driven activities*: Trade-related technical assistance should properly address the specific needs of individual LDCs, and effectively meet those needs.
- *Ownership*: Responsibility for the coordination, implementation and monitoring of the technical assistance should lie primarily with the LDCs concerned.
- *Efficiency*: By improving coordination, sequencing and synchronization, the IF should improve the efficiency and effectiveness of the participating agencies' technical assistance activities.
- *Monitoring and evaluation*: The IF aims to keep under review trade-related technical assistance activities in individual LDCs, periodically evaluate their success in meeting the country's needs, review how those needs change, and adapt the programme of activities accordingly
- *Information*: Comprehensive information will be provided to the rest of the donor community and to the private sector about the specific assistance needs of each LDC and the current activities of the six core agencies.

The content of the technical assistance provided via the IF will be geared to:

- *Institution building to handle trade policy issues*:
E.g., assistance in acceding to the WTO, support for the development of trade policy conforming to WTO obligations, promoting more effective coordination among government departments, building a core capacity to deal with trade issues within a leading ministry and setting up "think tanks" to undertake strategic analysis on trade issues, providing institutional support for participation in the MTS, including the implementation and application of obligations and commitments, and accessing relevant information for MTS negotiations on traditional and new trade issues.

¹ For more details on this and the following, see: <http://www.ldcs.org>

- *Strengthening of export supply capabilities:*
E.g., strengthening the policy environment for trade liberalization, encouraging competitiveness and investment, removing bottlenecks to increased output, promoting trade-related infrastructure, helping countries to exploit new trading opportunities.
- *Strengthening trade support services:*
E.g., trade finance, trade information, advice on product adaptation, quality control and marketing.
- *Improving trade facilitation capabilities:*
E.g., modernizing customs.
- *Training and Human Resource Development*
- *Assistance in developing a regulatory and policy framework that will encourage trade and investment.*

4.3.2 Instruments and Procedures

Trade-related technical assistance within the IF is based on country needs assessments, which are the responsibility of the countries concerned in accordance with the ownership principle. These are carried out with the aid of a checklist, and coordinated by an official acting as a “focal point”; the donor agencies should provide technical support on this as and when necessary. On the basis of the assessment, the six participating agencies consult with officials from the country and agree a provisional trade-related technical assistance programme (integrated response). The agencies fund these planned TC activities out of their own resources. In addition, they request the cooperation of other bilateral, multilateral and regional donor agencies (the broadened integrated response). Round table meetings are held to develop a multi-year country programme for the trade-related technical assistance devoted to each country. The country itself will then bear responsibility for the implementation and monitoring of the measures initiated. The six IF core agencies are responsible for evaluating the multi-year programme.

4.3.3 Outcomes and Reforms

To date, the IF has little to show in the way of concrete successes and has largely proved a disappointment. Certainly, needs assessments have so far been carried out in 40 of a total of 49 LDCs (Senegal included), and the six core agencies have subsequently submitted offers of technical assistance in line with their particular competencies, in an “integrated response” (see Appendix 16).¹ However, only five round table meetings came to fruition (on Bangladesh, Gambia, Haiti, Tanzania and Uganda), and

¹ On this and the following, see: Rajapatirana, Sarath; Lusthaus, Charles; Adriene, Marie-Hélène: Review of the IF, June 2000 (WT/LDC/SWG/IF/1).

only one of them yielded agreement on a concrete, operational multi-year programme involving additional funding pledges. According to the evaluation report, the IF has suffered from:

- being insufficiently demand-driven
- lacking clear priorities
- being poorly integrated into the overall development aid provided by the international community of agencies
- its slow, bureaucratic administrative procedures
- coordination problems between LDCs and aid agencies, and also between agencies, including the core agencies, and
- basic funding problems.

Donors regarded the IF primarily as an instrument for coordinating trade-related technical assistance, whereas the main hope of the LDCs was that it would allow them to tap additional funding sources. Ultimately, the IF had an unfunded mandate, and the substantial requirement for assistance, identified in the needs assessments, could not be financed out of the cost savings achieved by better coordination among the agencies as had been expected. It has not been possible to raise the willingness to pledge fresh funding. However, the most important lesson learned from the evaluation process has been that trade-related TC should no longer be seen in isolation but in the overall context of development and poverty reduction strategies in each particular LDC, and that it should be prioritized accordingly.

Despite the disappointing results so far, a consensus prevails among the IF's participants that the approach is worthwhile. The six agencies agreed in July 2000 to continue with the IF, but also resolved to reform it and to test the new structure's feasibility in a pilot programme.¹

- The main change is that the IF is now to be integrated into the on-going endeavours to develop coherent national development plans and strategies for the LDCs in which the role of trade and the needs for trade-related technical assistance are defined in terms of their material and temporal priorities (mainstreaming). The aim is to coordinate and synchronize activities in the context of Poverty Reduction Strategies and the United Nations Development Assistance Framework (UNDAF), with the World Bank taking a lead role.
- A steering committee will be established to cope with the evident coordination problems within the IF.
- Administrative responsibility is now to be shifted from the ITC to the WTO, which will head an inter-agency working group.

1 WT/LDC/SWG/IF/4.

- To overcome the funding problems, an IF Trust Fund will be established with an initial funding total of US\$20 million.
- IF implementation is scheduled to continue on a pilot basis. Trade Integration Studies will be prepared on selected LDCs, and these will subsequently be inserted into the corresponding PRSPs as trade integration chapters.¹ The IF pilot programme was scheduled to be examined at the WTO's 4th Ministerial Conference in November 2001.

4.3.4 Links with the TPRM and the WTO's Technical Cooperation

4.3.4.1 ... for the IF in its previous form

Once again, the goals and substance of the IF are highly pertinent to the WTO's purposes, as it lays a clear emphasis on fields relevant to the MTS, especially as regards institution building. So it is only fitting that the WTO was one of the Framework's "core agencies" from the outset. The IF covers numerous activities also carried out by the WTO, to convey information and knowledge on the GATT/WTO system of rules. The same applies to needs assessments for trade-related technical assistance, last conducted by the WTO in 2000, to cover the 2001-2003 period. Compared with the IF needs assessments, the WTO's are more narrowly defined, to cover a spectrum matching the organization's mandate (Appendices 19 and 20). Needs assessments for technical cooperation conducted under IF auspices are also taken into account in the WTO's own TC planning:² like the other participating agencies, the WTO inputs some of its own TC projects into the Integrated Framework (see Appendix 17). According to the evaluation report, the technical assistance offered by the IF's participating agencies for their integrated response had hardly been adapted to its specific purpose, and as such was not as useful as it should have been. The assistance was criticized for its lack of innovation, for being insufficiently demand-driven, and for being an assortment of the usual measures the donors normally offered.³ The authors were unable to establish whether this rejoinder also applied to the WTO. Recent needs assessments made by the WTO in its TPRs have not yet played any practical role within the IF. Assuming that

1 This trade integration chapter would encompass a number of issues, including establishing the link between trade and development on the one hand and poverty reduction on the other; the impact of trade reform on economic growth and development in the country; market access issues; and an assessment of the trade-related capacity requirements of LDCs. The trade integration chapter will include the identification and prioritisation of trade-related requirements from infrastructure to human resources within a coherent policy framework. (WTO: Progress Report on the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries, Report by the Director-General, WT/LDC/SWG/IF/17/Rev.1, Geneva, 17 April 2001).

2 WTO: WTO Programme For Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79 WT/LDC/SWG/IF/7, Geneva, 24 October 2000, Item 7.

3 One agency mentioned to the review team that it would have provided the same type of trade-related TA whether the IF existed or not (Rajapatirana, Sarath; Lusthaus, Charles; Adriene, Marie-Hélène, Item 4.5).

WTO TPRs include a systematic evaluation of trade policy, its conformity to WTO rules and obligations, its institutional structures and its interactions with other policy-making areas, the reviews may have been helpful for some LDCs when preparing their needs assessments under the IF or their round table documentation. Others, meanwhile, have not yet had a TPR, or at least did not have a current one to fall back on.

4.3.4.2 ... for the IF in its new form

Especially since the Framework's reform, the WTO holds a key position within the IF. The Organization sits on the Steering Committee, heads the Inter-Agency Working Group, and can thus wield substantial influence, having ample opportunity to input its trade-policy expertise and the experience gleaned from the TPRM. On the other hand, two of the other IF multilateral core agencies, the World Bank and the IMF, themselves tend to be especially influential. This is unlikely to have generated any problems for the World Bank in the IF as it was formerly structured. However, the integration of the trade agenda and trade-related technical cooperation into an overall development-policy planning process geared to poverty reduction (PRSPs, UNDAF) in the new IF is likely to have major consequences for the institutions involved, including the WTO. They will practically be compelled to agree on a trade policy strategy that all participating bodies (the LDC, IF agencies and other donors) will subsequently be expected to pursue – this is sure to be no easy process. If the new approaches are to operate as a binding framework for action, the sustained acceptance of the parties involved is essential. The trade policy chapters in the PRSPs would act as the reference framework for the various donors and donor programmes such as IF and JITAP as they planned their own activities, including trade-related technical and financial cooperation.

The question that then arises is whether, in this new framework, there is still any point in maintaining the previous practice in which autonomous trade and development policy analyses and needs assessments for technical assistance have been carried out regularly by the various institutions at differing, asynchronous intervals without any mutual coordination of their content. Synchronization, at the very least, would make sense but ultimately, in the interests of achieving coherence, efficiency and effectiveness in cooperation with the LDCs, the logical step would be to merge these analyses together. If this were to succeed, the role and content of the WTO's trade policy reviews of LDCs would also need to be examined and, presumably, redefined. Trade policy reviews could be linked up with the trade integration studies conducted in the PRSP context, thus making an important contribution towards devising trade policy strategies in the countries concerned. Moreover, the TPRM could lend useful assistance in monitoring progress with the poverty reduction strategies and with trade-related activities.

The IF pilot scheme now proposed must be viewed as a test of the participating bodies' willingness to subject themselves to this kind of discipline. When it is coupled to the PRSPs, the IF becomes part of the experimental bid to coherently coordinate the development assistance offered by the international donor community and to integrate it into a comprehensive development strategy for the participating LDCs. However, for the time being this is still only a vision. Bilateral, multilateral and regional donors are all therefore wondering whether, and in what way, they wish to engage in trade-related technical assistance in the interim period. Though projects already in operation are being continued and new ones are coming on stream, one cannot rule out the possibility that donors will prefer to "wait and see". This might result from a certain amount of gloom due to the limited results the IF has so far achieved, despite the time and funds invested, but it may also reflect scepticism as to the likely success of the IF-PRSP experiment. One way of bringing donors back off the fence would be for the IF-PRSP pilot phase to produce some successes as swiftly as possible, with corresponding donor support. This is what was called for in the Action Programme passed by the 3rd UN Conference on LDCs in Brussels (see Appendix 20).

5 SUMMARY AND CONCLUSIONS

Integration problems for developing countries

Although a limited number of more advanced developing countries have managed to substantially boost their share of world trade in the past few decades, most countries in the category still have substantial difficulties in integrating into the world economy. This is especially true of the Least Developed Countries (LDCs). So greater efforts are required to support the developing countries in their endeavours. These should focus on such areas as export promotion measures (specifically, by overcoming some of the supply-side weaknesses in these countries), breaking down trade barriers in the markets they export into, liberalizing these countries' own imports (including implementation of the obligations entered into during the Uruguay Round), and examining the present system of multilateral rules to see what adjustments are necessary to cater for these countries' special needs.

This study has focused on just one area within this broad spectrum of problems. It has examined the possibilities available for adapting the World Trade Organization's Trade Policy Review Mechanism (TPRM) to the particular mix of problems faced by developing countries in general, and LDCs in particular, also integrating the mechanism to a greater extent with the WTO's trade-related technical assistance and the overall development aid provided by the international donor community.

Adapting the TPRM to developing countries' needs

The prime objective of the TPRM is to investigate the “[impact of] ... Members’ trade policies and practices on the functioning of the multilateral trading system.” By assuring “greater transparency in, and understanding of [these] policies and practices”, it is hoped that the TPRM will “contribute to improved adherence by all Members to the rules, disciplines and commitments” agreed under WTO auspices, “and hence to the smoother functioning” of the WTO system. In addition to its actual trade policies, the trade policy review of a country should, “to the extent relevant”, take account of its wider economic and development policies, and of its external environment, to do justice to the “ever-growing ... interactions between the structural, macroeconomic, trade, financial and development aspects of economic policy-making.”

Among the things that make the TPRM particularly valuable to developing countries are that it kicks off a self-evaluation process in their trade policies, encourages both inter-agency cooperation and economic policy coherence, acts as a spur to trade policy reforms and also provides an opportunity to present these to the wider world, thus helping to build confidence among investors and trading partners, and finally the fact that it engenders reflection on the country’s overall participation in the multilateral process. In addition, TPRs covering developing countries’ trading partners may ease their access to export markets.

However, the TPRM’s significance for developing countries cannot come properly into play unless the reviews are conducted frequently enough, which at present they are not. This is partly because there are some developing countries that have not yet joined the WTO, and partly because the TPRM has so far only covered 69 of the 101 developing countries with WTO membership. Coverage of the LDCs is especially low: of the 49 countries in this category (Senegal included), 29 are currently WTO members, only 13 of which have so far been reviewed. Thus it is important to push for the inclusion of those countries not yet reviewed in the TPR process.

Given the generally low level of these countries’ integration into the multilateral trading system, and also to prevent the lessons learned from the reviews from “leaching away”, a shorter interval between TPRs would be appropriate for the LDCs in particular, possibly in an approach involving interim reviews as in the case of the “Quad” members. The Secretariat reports covering LDCs ought also to be broadened and deepened in content, so as to cover all trade-relevant aspects and institutions, including the private sector, and also the implications of the WTO Agreements for the country’s economy.

However, this would call for a major shift in the use of resources within the TPRD and/or for a substantial boost to its funding. This could take the form of a regular budget increase – the solution preferred by the WTO – or, as either a complement or a substitute, increased contributions could be paid into the WTO Global Trust Fund. Another argument in favour of improved funding is that the Trade Policy Review Division is poorly resourced in comparison to the country-monitoring divisions of the IMF and World Bank with their “legions” of analysts. The TPRD’s resources were not increased in proportion to its responsibilities at the time of the transition from the GATT to the WTO. The same applies, incidentally, to the Organization’s Technical Cooperation and Training Divisions.

By deciding to change to a three-phase process when preparing its Secretariat report, the WTO has taken a welcome additional step towards a TPRM better adapted to the special situation of the developing countries under review. From now on, this new procedure will consist of: 1) a brief mission to support the authorities in preparing the necessary documentation, 2) a seminar to explain WTO instruments, provide help with notification procedures, etc., and 3) a final mission to discuss the draft of the Secretariat report and provide assistance in preparing the government report. The questionnaire method used by the TPRD makes greater demands on the country being reviewed than the more personnel-intensive data collection methods used by other international organizations, and this generates a specific need for technical assistance.

By stepping up the availability of technical assistance in the various phases of the TPR process, the WTO can strengthen the developing countries’ ability to increasingly furnish their particular contributions to the proceedings (e.g. answering the questionnaire, preparing the government report) by themselves rather than by engaging the services of consultants or other outsiders, thus enhancing country ownership. The new, three-phase approach, to be put to the test in the forthcoming reviews of Uganda and Malawi, shows that there is still considerable scope available here.

Here are possible components of a “broadening and deepening” programme for TPRs:

- coverage of new fields, or others not regulated by the WTO
- analysis of interdependencies between different fields of policy-making
- economic impact analysis
- identification of barriers to entry in export markets
- assistance on adherence to the rules
- criticism of the system of multilateral rules, and
- needs assessment for and evaluation of technical assistance.

New topics such as competition policy and the policy towards direct investment (outside the immediate TRIMS context) have already been addressed by the WTO Secretariat's TPR reports for some time, though on an optional basis and with varying degrees of intensity from one case to another. Another area currently suggested as an addition to the TPRM spectrum is the adherence to fundamental international labour standards. However, this proposal has so far met with almost unanimous resistance in the TPRB from developing countries.

The new priority in the development field attached to mainstreaming trade, as evidenced in PRSPs, casts new light on the consideration given in the TPRM to lines of interaction between trade policy and overall development policy, which up to now has been an optional component. It might therefore be a desirable goal of TPRs to support the integration of trade policy (including the implementation of WTO obligations) into the PRSP process. TPRs would have an important contribution to make, for example, by analysing the "institutional interaction" among various policy-making bodies in a country when trade policy is drawn up and implemented, and by exposing any deficiencies in this area.

One of the ways in which the data obtained when preparing TPR reports could be utilized is in effectiveness analyses and the calculation of true costs of protectionism. Analyses of this kind might also extend beyond the country under review, to take in regional economic communities and offer cross-sectional data on barriers to market access. According to the WTO, it does not yet have the facilities in place to make computations using complex econometric models. Apart from that, whether such analyses ought to be conducted in the TPRM context is still an issue of some controversy.

The content of TPRs might be enriched by analyses of the tariff and non-tariff barriers which the countries under review face in their most important export markets. If this were included, smaller countries would benefit more than larger ones from the findings of a TPR. The TPRB meetings offer smaller WTO members a rare opportunity to put direct questions to trading partners about trade policies or practices which they believe place them at a disadvantage.

Above and beyond its role of monitoring adherence to WTO obligations and/or determining where there are deficiencies in implementation (the "negative" approach), the TPRM can assist developing countries, especially LDCs, in adhering to the rules and also evaluate the impacts of implementing them – this should include a verification of whether the anticipated positive effects have occurred (the "positive" approach). The latter is particularly important for LDCs, and should include assistance in keeping to differential deadlines or maintaining any differential pace of reform set for them.

Finally, the TPRM could be utilized to further develop the multilateral trading rules, possibly expanding them in new areas, and to correct adverse developments. In seeking out weak points in the multilateral system of rules, particular attention should be devoted to promoting the integration of LDCs into the international trading system.

The scope available within the TPRM for assessing the need for technical assistance more intensively has not so far been sufficiently exploited. The Tanzania TPR report in 2000 was the first in which the WTO devoted a separate section to trade-related technical cooperation, and this new practice was maintained in the Secretariat reports on Mozambique and Madagascar. As these latest reports show, the TPRM can also be used for evaluating technical assistance already supplied, thus offering valuable inputs not only for the WTO's own trade-related technical cooperation but also for that provided by the international donor community under the auspices of the JITAP, IF and PRSPs.

The TPRM and international development aid

Especially following the reform of the *Integrated Framework*, the WTO holds a prominent position within the IF. As a *lead agency*, it is well placed to input its trade policy expertise and experience – including those flowing from the TPRM – not only into the IF but, through it, into the development strategy issues addressed in the PRS process. It would appear to make sense to organizationally interlink the trade policy reviews carried out in the WTO context with the PRSP processes, also adding new content dealing with development-related issues. With this in mind, TPRs could in future be linked together with “trade integration studies” conducted in PRSPs. However, the TPRs’ contribution towards “trade-related capacity building” would largely need to concentrate on promoting “trade rules compliance capacity”, as against “trade competitiveness capacity”.

The integration of the trade agenda and trade-related technical cooperation into an overall development-policy planning process geared to poverty reduction (PRSPs, UNDAF) is likely to have major consequences for the institutions involved, including the WTO. They will practically be compelled to agree on a trade policy strategy that all participating bodies (the LDC, IF agencies and other donors) will subsequently be expected to pursue. If this is to operate as a binding framework for action, the sustained acceptance of the parties involved is essential. The trade policy chapters in the PRSPs would act as the reference framework for the various donors and donor programmes such as IF and JITAP as they planned their own activities, including trade-related technical and financial cooperation. The same applies to the WTO and its TPRM.

As a matter of general principle, one is bound to ask whether, in this new framework, there is still any point in maintaining the previous practice in which autonomous trade and development policy analyses and needs assessments for technical assistance have been carried out regularly by the various institutions at differing, asynchronous intervals without any mutual coordination of their content. Synchronization, at the very least, would make sense but ultimately, in the interests of achieving coherence, efficiency and effectiveness in cooperation with the LDCs, the logical step would be to merge these analyses together. If this were to succeed, the role and content of the WTO's TPRs of LDCs would also need to be examined and, presumably, redefined.

6 APPENDICES

Appendix 1: List of Persons Spoken to

<u>Organization</u>	<u>Division or department</u>	<u>Name</u>
BMZ	Referat 411	Jürgen Zattler
DIE		Jürgen Wiemann, Deputy Director
German delegation to the UN		Hartmut Roeben Walter Werner Dirk Baumgartner Helge Hassold
WTO	Economic Research and Analysis Division	Paul-Henri Ravier, Deputy Director-General K. Michael Finger, Acting Director
	Trade Policy Review Division	Clemens F.J. Boonekamp, Director
	Training Division	Gerardo T. Thielen, Counsellor Jean-Daniel Rey, Counsellor
	Development Division	Peter Tulloch, Director Sam Laird, Counsellor
	Director-General	Chiedou Osakwe, Special Coordinator for LDCs
UNCTAD	Information and Training Branch	Peter Fröhler, Head
	Division on International Trade in Goods and Services, and Commodities	Bonapas Onguglo, Economic Affairs Officer
	Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries	Marcel W. Namfua, Inter-Regional Advisor
	Investment Policies and Capacity-building Branch	Khalil Hamdani, Head
	Division on Investment, Technology, and Enterprise Development	Karl Sauvant, Director
ITC	Market Analysis Section	Friedrich von Kirchbach, Chief
	Division of Technical Cooperation Coordination	Francesco Geoffroy, Administrateur en Promotion Commerciale
	Office of Least Developed Countries and Africa	Imamo Ben Mohamed Imamo, Associate Expert Peter Naray, Senior Advisor on Multilateral Trading System
IMF	Geneva Office	Grant B. Taplin; Assistant Director and Special Trade Representative
Ghana	Permanent Mission to the United Nations	Lawrence Yaw Sae-Brawusi, Minister Counsellor (Commercial)
Mozambique	Permanent Mission to the United Nations	Ana-Maria Raquel Alberto
Tanzania	Permanent Mission to the United Nations	Ali Mchumo, Ambassador, Permanent Representative

Appendix 2: Basic Statistics on the LDCs

1999* (in per cent of all LDCs)	Population	GDP	Exports	Imports
WTO Members				
Angola	1.95	4.70	12.94	6.91
Bangladesh	20.15	25.28	21.41	18.98
Benin	0.96	1.30	1.40	1.47
Burkina Faso	1.74	1.42	1.03	1.68
Burundi	1.05	0.39	0.22	0.29
Central African Republic	0.56	0.58	0.63	0.56
Chad	1.18	0.84	0.92	1.03
Congo, Dem. Rep. of	7.86	3.17	5.06	3.01
Djibouti	0.10	0.29	0.75	0.67
Gambia	0.20	0.22	0.70	0.58
Guinea	1.14	1.91	2.63	1.81
Guinea Bissau	0.19	0.12	0.20	0.21
Haiti	1.23	2.37	1.89	2.63
Lesotho	0.33	0.48	0.89	2.18
Madagascar	2.38	2.05	3.25	2.69
Malawi	1.70	1.00	1.73	1.70
Maldives	0.04	0.21	n.a.	n.a.
Mali	1.67	1.41	2.26	2.05
Mauretania	0.41	0.53	1.30	1.04
Mozambique	2.73	2.19	1.64	3.31
Myanmar	7.11	n.a.	n.a.	n.a.
Niger	1.66	1.11	1.14	1.00
Rwanda	1.31	1.08	0.38	0.92
Sierra Leone	0.78	0.37	0.33	0.30
Solomon Islands	0.07	0.17	n.a.	n.a.
Tanzania	5.20	4.82	4.11	5.44
Togo	0.72	0.77	1.50	1.25
Uganda	3.39	3.53	2.56	3.25
Zambia	1.56	1.73	2.48	2.85
LDCs in the process of accession to the WTO				
Bhutan	0.12	0.24	0.51	0.41
Cambodia	1.86	1.71	3.63	2.86
Cape Verde	0.07	0.32	0.48	0.65
Laos	0.80	0.79	1.73	1.40
Nepal	3.69	2.75	4.06	3.31
Samoa	0.03	0.10	n.a.	n.a.
Sudan	4.58	5.34	n.a.	n.a.
Vanuatu	0.03	0.14	n.a.	n.a.
Yemen	2.69	3.75	9.31	6.86

1999* (in per cent of all LDCs)	Population	GDP	Exports	Imports
Other LDCs				
Afghanistan	4.08	n.a.	n.a.	n.a.
Comoros	0.09	0.11	0.18	0.17
Equatorial Guinea	0.07	0.38	2.51	1.32
Eritrea	0.63	0.35	0.23	1.13
Ethiopia	9.91	3.54	3.16	4.17
Kiribati	0.01	0.03	n.a.	n.a.
Liberia	0.48	n.a.	n.a.	n.a.
São Tomé and Príncipe	0.02	0.03	0.06	0.09
Somalia	1.48	n.a.	n.a.	n.a.
Tuvalu	n.a.	n.a.	n.a.	n.a.
All LDCs	634 mill.	\$182 bn	\$28 bn	\$45 bn
All developing countries	4,718 m	\$5,610 bn	\$1,581 bn	\$1,517 bn
World	5,978 m	\$30,876 bn	\$7,182 bn	\$7,007 bn

* In some cases the last year for which statistics were obtained is 1998 (*italic*) or 1997 (***bold italic***)

Source: Own calculations based on World Bank "WDI CD-ROM 2001"

Appendix 3: Germany's Trade-Related Technical Cooperation

WTO-related subjects covered

In particular: Agriculture, trade and environment, technical regulations and standards, sanitary and phytosanitary measures, customs tariffs, trade negotiations, WTO Accession

Brief description of the institutional framework for technical assistance

The Ministry for Economic Cooperation and Development (BMZ: <http://www.bmz.de>) is in charge of development cooperation with developing countries and most transition countries. Programmes and projects are implemented through different national agencies and multilateral organizations (in the latter case mainly through voluntary trust fund contributions). The most important national agencies are:

- Deutsche Gesellschaft für Technische Zusammenarbeit. GmbH (German Technical Cooperation – GTZ); <http://www.gtz.de>. GTZ implements "technical cooperation" projects (focussing on institution and capacity building).
- Kreditanstalt für Wiederaufbau (KfW); <http://www.kfw.de> for "financial cooperation" projects (focussing on infrastructure development).
- Deutsche Stiftung für internationale Entwicklung (DSE); <http://www.dse.de> and Carl-Duisberg Gesellschaft; <http://www.cdg.de> for training activities.
- Deutsche Investitions-und Entwicklungsgesellschaft (DEG); <http://deg.de> for investment financing.

Trade-related technical assistance

Within the Ministry for Economic Cooperation, the Globalisation, Trade and Investment Division is mainly responsible for trade-related technical assistance activities. Trade-related technical assistance is made available through:

- bilateral development programmes with the various partner countries
- voluntary trust funds to multilateral organizations
- contributions to NGOs, to DSE, COG and OEG.

Trade-related technical assistance covers the following areas:

- institution-building to handle trade policy issues
- strengthening of export supply capabilities

- strengthening trade support services
- strengthening trade facilitation capabilities
- training and human resource development
- assistance in the creation of a supportive trade-related regulatory and policy framework.

All developing countries and countries in transition are in principle eligible to the technical cooperation. However the activities in the various countries should be in line with and integrate in the overall country strategies formulated under the responsibility of the Ministry.

WTO-Specific programmes

BMZ's technical assistance programmes in this area is intended to help developing countries build necessary institutional capacity to participate in the multilateral trading system:

- improving the understanding and use of WTO rules and assisting developing countries to better identify their interests in multilateral trade negotiations;
- enhancing the capacity of developing countries to adopt and implement domestic laws and regulations in order to fulfil WTO obligations and to develop a framework for regional integration;
- contributing in the creation of multilateral standards that ensure the compatibility). of free exchange of goods and services or foreign investment with sustainable global development (eg. TA to help building the capacity to comply with environmental standards).

Examples:

Programme: World Trade Net

- Responsible Agency: BMZ / ITC
- Main objectives: To support governments and business institutions in LDCs to better understand the WTO-rules and their implications and to better use the opportunities arising from those rules.
- Modes of delivery: German contribution to the Global Trust Fund of ITC
- Funds made available: DM 1.5 Mio (pledged in 1997)

Programme: Trade Policy Review Mechanism

- Responsible Agency: BMZ/WTO
- Main objectives: To undertake a series of Reviews and to reform the mechanism in order to improve internalisation and to permit identification of technical assistance needs.
- Modes of delivery: German contribution to the Global Trust Fund of WTO
- Funds made available: DM 1 Mio (pledged in 1999)

Programme: International Trade Policy / WTO (Mongolia)

- Responsible Agency: BMZ/GTZ
- Main objectives: To strengthen trade- and WTO-related capacity of the Mongolian administration (in particular in the context of the accession negotiations)
- Modes of delivery: Part of the bilateral development programme
- Funds made available: DM 3 million (until 2002)

Programme: Contribution to the JITAP for Tanzania

- Responsible Agency: BMZ/GTZ/ITC
- Main objectives: To assist the authorities in the adaptation of national trade policies and rules in order to comply with WTO obligations and to use and improve the domestic export potential
- Modes of delivery: Part of the bilateral development programme (implemented through GTZ and ITC)
- Funds made available: DM 1 Mio

Programme: Contribution to the JITAP for Uganda

- Responsible Agency: *BMZ/GTZ*
- Main objectives: To assist the authorities in the adaptation of national trade policies and rules in order to fulfill WTO obligations and to use and improve the domestic export potential
- Modes of delivery: Part of the bilateral development programme (implemented through GTZ and ITC)
- Funds made available: DM 1 Mio

Programme: Assistance to the East African Community

- Responsible Agency: BMZ/GTZ
- Objectives: To assist the EAC-Secretariat in the promotion of regional integration within the community
- Modes of delivery: Part of the bilateral development programme (implemented through GTZ)
- Funds made available: DM 3 million

Activities for least developed countries

- Most of the above-mentioned programmes are directed at LDCs

Source : http://www.wto.org/english/thewto_e/teccop_e/bil_ass_e/germany_e.htm

Appendix 4:
Germany's Contribution to the WTO Global Trust Fund of January 2000

**Arrangement
between the World Trade Organization
and
the Government of the Federal Republic of Germany**

The Government of the Federal Republic of Germany (hereinafter referred to as "the Donor") and the World Trade Organization (hereinafter referred to as WTO) - with reference to the letter of 6 October 1999 from WTO to the Donor - have agreed to cooperate for the purpose of supporting the programme "Global Trust Fund - Trade Policy Reviews" by the Donor's granting of trust funds for this programme.

1. With reference to the decision of June 1999 to establish a Global Trust Fund, the Donor shall share in the financing of DM1,000,000.- and accept the relevant steering and control arrangements.

The objective of the programme is to:

- undertake "Trade Policy Reviews" for developing countries;
- improve the Trade Policy Review Mechanism (TPRM) with the objective to better adapt it to the specific requirements of developing countries.

2. In accordance with the evaluation procedures as mentioned in the "Memorandum of Understanding on the Establishment of a Global Trust Fund" the Donor will participate in an evaluation of the programme, which will formulate recommendations on its possible continuation. Further allocations by the Donor to the programme will be, *inter alia*, dependent on the outcome of this evaluation.

3. To finance the programme, including programme support costs not exceeding 13% of direct programme costs, the Donor shall make available to WTO for the years 2000 to 2003, an amount of up to DM1,000,000.- (one million Deutsche Mark), plus the interest generated therefrom, in accordance with the WTO - Programme, for Technical Cooperation from 15 October 1999. Disbursements shall be effected in line with the annual requirements calculated on the basis of the progress of the programme. The Donor shall make available its contribution annually (one tranche). It reserves the right to reduce or defer payments in the event that interest has accrued as a result of the liquidity level being disproportionate to the rate of programme implementation.

4. The following annual disbursements are envisaged:

2000:	DM230,000.-
2001:	DM120,000.-
2002:	DM290,000.-
2003:	DM360,000.-

5. The amounts shall be deposited in Swiss Francs, WTO account No. 240-C0199320.1 at UBS, Centre William Rappard, Rue de Lausanne 154, 1211 Genève 21, Switzerland.

6. WTO shall maintain a separate account for the programme, showing all receipts and expenditures, including the interest accrued.

7. WTO shall administer the contributions made available for the programme, including the trust funds provided by the Donor, in accordance with WTO's financial rules and regulations, specifically as regards the principles of economy and thrift, as well as auditing procedures.

8. WTO shall submit to the Donor an annual report on the progress of the programme and its financial status in line with the provisions applicable to WTO.

9. After completion of the programme WTO shall submit to the Donor a final report on the implementation of the programme, the results obtained and a final financial statement.

10. After completion of the programme WTO shall transfer to the Donor its share of any surplus balance. The audit concerning the utilization of the programme funds shall be carried out by independent auditors pursuant to WTO's financial rules and regulations.

11. Audit reports containing observations relevant to the trust funds shall be made available to the Donor together with WTO's official comments.

12. This Arrangement may be supplemented (which may include a replenishment of funds in later years) or modified by written agreement between the Donor and WTO. In all other respects the provisions of the Vienna Convention of 21 March 1986 on the Law of Treaties between States and International Organizations or between International Organizations shall also apply to the present Arrangement.

13. This Arrangement shall enter into force on the date of the last signature thereof.

In witness whereof, the undersigned, being duly authorized thereto, have signed at Geneva the present Arrangement in duplicate in the English language.

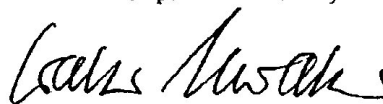
For the World Trade Organization



(signature)

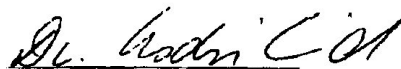
Mike Moore
Director-General

For the Government of the
Federal Republic of Germany



(signature)

Walter Lewalter
Ambassador



(signature)

Dr. Uschi Eid
Parliamentary State Secretary

Date: 25.01.2000

Date: 25.01.2000

Appendix 5:
Germany's Contribution to the WTO Global Trust Fund of December 2000

**Arrangement
between the World Trade Organization
and
the Government of the Federal Republic of Germany**

The Government of the Federal Republic of Germany (hereinafter: "the Donor") and the World Trade Organization (hereinafter: the WTO) - with reference to the letter of 22 November 2000 from WTO to the Donor - have agreed to cooperate for the purpose of supporting the programme "Global Trust Fund", managed through the WTO, by the Donor's granting of trust funds for this programme, as follows:

1. With reference to the decision of June 1999 to establish a Global Trust Fund, the Donor shall share in the financing of DM 2,000,000.00 (equivalent of € 1,022,583.76) and accept the relevant steering and control arrangements.

The objectives of the programme, within the framework of this Arrangement, are to:

- (a) expand, improve and maintain WTO Information Technology tools in support of developing and in particular Least-Developed Countries (LDCs), focusing on WTO Reference Centres (RFCs);
 - (b) to increase developing countries' knowledge of WTO rules, implement their commitments and obligations and exercise their rights, focusing on assistance to LDCs;
 - (c) improve programming, implementation and coordination of technical assistance in accordance with the guidance formulated during the "Days of Reflection" of July 2000.
2. In accordance with the evaluation procedures as mentioned in the "Memorandum of Understanding on the Establishment of a Global Trust Fund" the Donor will participate in an evaluation of the programme, which will formulate recommendations on its possible continuation. Further allocations by the Donor to the programme will be, *inter alia*, dependent on the outcome of this evaluation.
3. To finance the programme, including programme support costs not exceeding 13 per cent of direct programme costs, the Donor shall make available to the WTO, for the years 2001 to 2004, an amount of up to DM 2,000,000.00 (two million Deutsche Mark), plus the interest generated therefrom, in accordance with the relevant plan of operations or programme budget (WT/COMTD/W/79/Add.1 and WT/LDC SWG/IF/7/Add.1 of 3 November 2000). Disbursements shall be effected in line with the annual requirements calculated on the basis of the progress of the programme. The Donor shall make available its contribution in annual rates. It reserves the right to reduce or defer payments in the event that interest has accrued as a result of the liquidity level being disproportionate to the rate of programme implementation.
4. In 2001 a disbursements of DM 430,000 (€ equivalent: 219,855.51) is envisaged.
5. The amounts shall be deposited in Swiss Francs, WO account No. 240-C0199320.1 at UBS, Centre William Rappard, rue de Lausanne 154, 1211 Genève 21, Switzerland.
6. The WTO shall maintain separate accounts for the programme, showing all receipts and expenditures, in Swiss Francs, including the interest accrued.
7. The WTO shall administer the contributions made available for the programme, including the trust funds provided by the Donor, in accordance with WTO's financial rules and regulations, specifically as regards the principles of economy and thrift, as well as auditing procedures.

8. The WTO shall submit to the Donor an annual report on the progress of the programme and its financial status in line with the provisions applicable to the WO.
9. After completion of the programme the WTO shall submit to the Donor a final report on the implementation of the programme, the results obtained and a final financial statement.
10. After completion of the programme the WTO shall transfer to the Donor its share of any surplus balance. The audit concerning the utilization of the programme funds shall be carried out by independent auditors pursuant to the WTO's financial rules and regulations.
11. Audit reports containing observations relevant to the trust funds shall be made available to the Donor together with the WTO's official comments.
13. This Arrangement may be supplemented (which may include a replenishment of funds in later years) or modified by written agreement between the Donor and the WTO. In all other respects the provisions of the Vienna Convention of 21 March 1986 on the Law of Treaties between States and International Organizations or between International Organizations shall also apply to the present Arrangement.
14. This Arrangement shall enter into force on the date of the last signature thereof.

Appendix 6: 1999 Appraisal of the TPRM's Operation

APPRAISAL OF THE OPERATION OF THE TRADE POLICY REVIEW MECHANISM

Report to Ministers

Chairman: H.E. Mr. Jean-Marie Noirfalisse

I. INTRODUCTION

1. The Trade Policy Review Mechanism (TPRM) was established in 1989 on a provisional basis and confirmed by Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization. Paragraph F of Annex 3 requires that the Trade Policy Review Body (TPRB) "shall undertake an appraisal of the operation of the TPRM not more than five years after the entry into force of the Agreement Establishing the WTO. The results of the appraisal will be presented to the Ministerial Conference. It may subsequently undertake appraisals of the TPRM at intervals to be determined by it or as requested by the Ministerial Conference."

2. The TPRB agreed on 27 January 1999 on a procedure to appraise the operation of the TPRM. Subsequently the TPRB held 12 informal meetings, in the period January to September 1999, and adopted this Report to Ministers on 5 October 1999. The meetings considered issues and proposals brought forward by Members and was assisted by a Secretariat non-paper.

II. TPRM MISSION AND OBJECTIVES

3. The TPRB reaffirmed the relevance of TPRM's mission as defined in Annex 3. The TPRM had been conceived as a policy exercise and it was therefore not intended to serve as a basis for the enforcement of specific WTO obligations or for dispute settlement procedures, or to impose new policy commitments on Members. The Mechanism

should continue to focus on improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence contribute to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members. Accordingly, the Mechanism enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices and their impact on the functioning of the multilateral trading system. Reviews under the Mechanism should continue to take place, to the extent relevant, against the background of the wider economic and development needs, policies and objectives of the Members concerned, as well as of their external environment. Greater attention should be given to transparency in government decision-making on trade policy matters, in line with Paragraph B of Annex 3.

4. The TPRM had functioned effectively and its objectives were generally being achieved, although not all Members had yet been reviewed. The Mechanism had demonstrated that it had a valuable public-good aspect, particularly in its contribution to transparency. The Mechanism had also been a catalyst for Members to reconsider their policies, had served as an input into policy formulation and had helped identify technical assistance needs.

5. The TPRB welcomed the resource-saving aspects of using, under the authority of Annex 3, trade-relevant macroeconomic information from other intergovernmental organizations, especially under the aegis of the Marrakesh Ministerial Declaration on the "Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking". Under the implementation of this Ministerial Declaration, information from, and cooperation with, other intergovernmental organizations had been useful to the TPRM and these practices should be pursued. Nevertheless, the different mandates of the WTO and other organizations required that the TPRM maintain its capacity for its own analysis, it being the only multilateral mechanism undertaking comprehensive evaluations of trade policies and their coherence within a given economic setting.

III. PROCESS OF PREPARING REVIEWS

6. The TPRB found that the process of preparing reviews was satisfactory, although it saw room both for further streamlining and for the review process of developing and least-developed countries (LDCs) to give greater attention to technical assistance needs. The entities associated with the Integrated Framework for technical assistance to LDCs were encouraged to take into account the appreciation arrived at by the Trade Policy Reviews for LDCs. In general, present practices regarding Secretariat visits to capitals, and for the drafting and verification of Secretariat reports were thought appropriate. To avoid duplication, and, where relevant, upon authorization by the Member concerned, there should be a two-way flow of information between the Trade Policies Review Division (TPRD) and other parts of the WTO Secretariat, including the Integrated Database; however, this should safeguard restricted information and not affect Members' rights and obligations.

IV. SECRETARIAT AND GOVERNMENT REPORTS

7. The TPRB saw the Secretariat and Government reports as complementary. Governments were free to define the structure and coverage of their own reports, but were encouraged to keep them short, WTO-relevant and forward-looking, highlighting recent trade policy development and future policy directions and their impact on trade.

8. The Secretariat should retain its capacity to prepare autonomous, in-depth reports that allowed the TPRB to arrive at an independent, fully informed evaluation of a Member's trade policies and practices. The present structure and coverage of Secretariat reports was generally satisfactory; care should

continue to be taken that the reports achieve an appropriate balance between the traditional and relatively new areas of the WTO. Reports should be WTO-relevant, comprehensive and self-contained. The TPRB saw scope for making the Summary Observations of the Secretariat report more readable and for presenting in relevant parts of the report subsequent developments on issues raised at the previous review.

V. TPRB MEETINGS

9. The TPRB considered that the current frequency of reviews provided a balance amongst numerous competing considerations, including TPRM objectives, particularly the smoother functioning of the multilateral trading system, the need to maintain a realistic workload, and the benefits of reviewing all Members soon.

10. A solution had been found to past frequent rescheduling and "bunching" of TPRB meetings. Nevertheless, the TPRB reiterated the importance for Members under review to respect deadlines, thus avoiding slippages in the overall review programme, and of scheduling TPRB meetings to avoid overlaps with other major WTO meetings. Members should continue to be informed regularly of progress in the review programme and of possible delays affecting it.

11. The TPRB judged two half-days as an appropriate time-span for a TPRB review, and a day-in-between as desirable. More interactive discussion was encouraged, as was greater participation in reviews of smaller Members, if possible at a rank reflecting the high-level representation often sent by Members under review. Reviews could highlight changes since the previous review.

12. The TPRB felt it essential to meet the agreed four weeks lead time for document distribution in all WTO official languages, as active participation in reviews depended on the timely availability of documents. The TPRB favoured flexibility on the lead time to submit written questions, as well as on the role and number of discussants. Current practice concerning minutes of meetings was seen as appropriate, as was the inclusion of written questions and answers in minutes. Members were encouraged to provide written answers whenever possible during the TPRB meetings. Questions left unanswered during the review should be answered in writing, with responses made available to the Membership; on this there should be a regular follow-up by the WTO Secretariat.

VI. DISSEMINATION

13. The TPRB considered present dissemination practices as satisfactory. Members noted the value of building awareness within the wider public of the work of the TPRB. Taking existing publication arrangements and budgetary implications into account, the fullest possible dissemination of reviews was encouraged, particularly through the Internet.

VII. RESOURCES

14. The TPRM absorbs some 5% of the WTO's Annual Budget. By the end of the 1999, the Mechanism will have conducted reviews of 71 Members, counting the European Union as one. The growing WTO Membership and the importance of reviewing all Members, including LDCs, at least once as soon as possible meant that all efforts should continue to be made for maximum efficiency in the use of TPRM resources.

15. Efforts to maximize efficiency might include: (i) a more considered use of grouped reviews; (ii) more frequent use of consultants, with financial resources made available by Members on a voluntary basis, although such bilateral contributions should not replace core budgetary funding for the Mechanism; and (iii) shorter, more focused reports and meetings.

16. To maximize efficiency, in addition, some Members suggested that a change in the review cycle should be considered, but no agreement was reached.

VIII. CONCLUSIONS

- The TPRM is functioning effectively and its mission and objectives remain important.
- All Members, including LDCs, should be reviewed at least once as soon as possible.
- Efforts should continue to be made to achieve maximum efficiency in the use of resources allocated to the TPRM.

- Greater attention should be given to transparency in government decision-making on trade policy matters, in line with Paragraph B of Annex 3.
- Reviews should continue to take place, to the extent relevant, against the background of the wider economic and development needs, policies and objectives of the Member concerned, as well as of its external environment.
- The Mechanism should maintain its capacity to undertake independent analysis, while continuing to use, under the authority of Annex 3, trade-relevant macroeconomic information from other intergovernmental organizations.
- To avoid duplication, and, where relevant, upon authorization by the Member concerned, there should be a two-way flow of information between the TPRD and other parts of the WTO Secretariat, including the Integrated Database; however, this should safeguard restricted information and not affect Members' rights and obligations.
- Care should continue to be taken that reports achieve an appropriate balance between the traditional and relatively new areas of the WTO.
- Further improvements in the focus and readability of reports should continue to be sought.
- Deadlines for the review process should be met and Members should continue to be informed regularly of progress in the review programme.
- Steps should be taken to make review meetings more interactive, with greater participation by Members.
- The TPRB should undertake a further appraisal of the operation of the TPRM not more than five years after the conclusion of the Third WTO Ministerial or as requested by a Ministerial Conference.

Source: WTO: Appraisal of the Operation of the Trade Policy Review Mechanism, Report to Ministers, Geneva, 8 October 1999, WT/MIN(99)/2

Appendix 7: Trade Policy Review Mechanism (Annex 3 to the Agreement Establishing the World Trade Organization)

(ABI. 1994 L 336/251)

TRADE POLICY REVIEW MECHANISM

Members hereby agree as follows:

A. Objectives

(i) The purpose of the Trade Policy Review Mechanism ("TPRM") is to contribute to improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members. Accordingly, the review mechanism enables the regular collective appreciation and evaluation of the full range of individual Members' trade policies and practices and their impact on the functioning of the multilateral trading system. It is not, however, intended to serve as a basis for the enforcement of specific obligations under the Agreements or for dispute settlement procedures, or to impose new policy commitments on Members.

(ii) The assessment carried out under the review mechanism takes place, to the extent relevant, against the background of the wider economic and developmental needs, policies and objectives of the Member concerned, as well as of its external environment. However, the function of the review mechanism is to examine the impact of a Member's trade policies and practices on the multilateral trading system.

B. Domestic transparency

Members recognize the inherent value of domestic transparency of government decision-making on trade policy matters for both Members' economies and the multilateral trading system, and agree to encourage and promote greater transparency within their own systems, acknowledging that the implementation of domestic transparency must be on a voluntary basis and take account of each Member's legal and political systems.

C. *Procedures for review*

(i) The Trade Policy Review Body (referred to herein as the "TPRB") is hereby established to carry out trade policy reviews.

(ii) The trade policies and practices of all Members shall be subject to periodic review. The impact of individual Members on the functioning of the multilateral trading system, defined in terms of their share of world trade in a recent representative period, will be the determining factor in deciding on the frequency of reviews. The first four trading entities so identified (counting the European Communities as one) shall be subject to review every two years. The next 16 shall be reviewed every four years. Other Members shall be reviewed every six years, except that a longer period may be fixed for least-developed country Members. It is understood that the review of entities having a common external policy covering more than one Member shall cover all components of policy affecting trade including relevant policies and practices of the individual Members. Exceptionally, in the event of changes in a Member's trade policies or practices that may have a significant impact on its trading partners, the Member concerned may be requested by the TPRB, after consultation, to bring forward its next review.

(iii) Discussions in the meetings of the TPRB shall be governed by the objectives set forth in paragraph A. The focus of these discussions shall be on the Member's trade policies and practices, which are the subject of the assessment under the review mechanism.

(iv) The TPRB shall establish a basic plan for the conduct of the reviews. It may also discuss and take note of update reports from Members. The TPRB shall establish a programme of reviews for each year in consultation with the Members directly concerned. In consultation with the Member or Members under review, the Chairman may choose discussants who, acting in their personal capacity, shall introduce the discussions in the TPRB.

(v) The TPRB shall base its work on the following documentation:

- (a) a full report, referred to in paragraph D, supplied by the Member or Members under review;
- (b) a report, to be drawn up by the Secretariat on its own responsibility, based on the information available to it and that provided by the Member or Members concerned. The Secretariat should seek clarification from the Member or Members concerned of their trade policies and practices.

(vi) The reports by the Member under review and by the Secretariat, together with the minutes of the respective meeting of the TPRB, shall be published promptly after the review.

(vii) These documents will be forwarded to the Ministerial Conference, which shall take note of them.

D. *Reporting*

In order to achieve the fullest possible degree of transparency, each Member shall report regularly to the TPRB. Full reports shall describe the trade policies and practices pursued by the Member or Members concerned, based on an agreed format to be decided upon by the TPRB. This format shall initially be based on the Outline Format for Country Reports established by the Decision of 19 July 1989 (BISD 36S/406-409), amended as necessary to extend the coverage of reports to all aspects of trade policies covered by the Multilateral Trade Agreements in Annex 1 and, where applicable, the Plurilateral Trade Agreements. This format may be revised by the TPRB in the light of experience. Between reviews, Members shall provide brief reports when there are any significant changes in their trade policies; an annual update of statistical information will be provided according to the agreed format. Particular account shall be taken of difficulties presented to least-developed country Members in compiling their reports. The Secretariat shall make available technical assistance on request to developing country Members, and in particular to the least-developed country Members. Information contained in reports should to the greatest extent possible be coordinated with notifications made under provisions of the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements.

E. *Relationship with the balance-of-payments provisions of GATT 1994 and GATS*

Members recognize the need to minimize the burden for governments also subject to full consultations under the balance-of-payments provisions of GATT 1994 or GATS. To this end, the Chairman of the TPRB shall, in consultation with the Member or Members concerned, and with the Chairman of the Committee on Balance-of-Payments Restrictions, devise administrative arrangements that harmonize the normal rhythm of the trade policy reviews with the timetable for balance-of-payments consultations but do not postpone the trade policy review by more than 12 months.

F. *Appraisal of the Mechanism*

The TPRB shall undertake an appraisal of the operation of the TPRM not more than five years after the entry into force of the Agreement Establishing the WTO. The results of the appraisal will be presented to the Ministerial Conference. It may subsequently undertake appraisals of the TPRM at intervals to be determined by it or as requested by the Ministerial Conference.

G. *Overview of Developments in the International Trading Environment*

An annual overview of developments in the international trading environment which are having an impact on the multilateral trading system shall also be undertaken by the TPRB. The overview is to be assisted by an annual report by the Director-General setting out major activities of the WTO and highlighting significant policy issues affecting the trading system.

Appendix 8: Frequency of Trade Policy Reviews (TPRs) by Class of Country

	Industrial countries	Transition countries	Developing countries	LDCs			
Australia	3	Czech Rep.	2	Antigua and Barbuda	1	Bangladesh	2
Austria *	1	Hungary	2	Argentina	2	Benin	1
Canada	6	Poland	2	Bahrain	1	Burkina Faso	1
European Union	5	Romania	2	Bolivia	2	Guinea	1
Finland *	1	Slovak Rep.	2	Botswana	1	Lesotho	1
Iceland	2			Brazil	3	Madagascar	1
Japan	5			Brunei	1	Mali	1
Liechtenstein	1			Cameroon	2	Mozambique	1
New Zealand	2			Chile	2	Solomon Islands	1
Norway	3			Colombia	2	Tanzania	1
Sweden *	2			Costa Rica	2	Togo	1
Switzerland	3			Côte d'Ivoire	1	Uganda	2
United States	6			Cyprus	1	Zambia	1
				Dominica	1		
				Dominican Rep.	1		
				Egypt	2		
				El Salvador	1		
				Fiji	1		
				Gabon	1		
				Ghana	2		
				Grenada	1		
				Hong Kong, China	3		
				India	2		
				Indonesia	3		
				Israel	2		
				Jamaica	1		
				Kenya	2		
				Korea, Rep. of	3		
				Macau, China	2		
				Malaysia	3		
				Mauritius	2		
				Mexico	2		
				Morocco	2		
				Namibia	1		
				Nicaragua	1		
				Nigeria	2		
				Pakistan	2		
				Papua New Guinea	1		
				Paraguay	1		
				Peru	2		
				Philippines	2		
				Saint Kitts and Nevis	1		
				Saint Lucia	1		
				Saint Vincent and Grenadines	1		
				Senegal	1		
				Singapore	3		
				South Africa	2		
				Sri Lanka	1		

	Industrial countries	Transition countries	Developing countries	LDCs
			Swaziland 1 Trinidad und Tobago 1 Thailand 3 Tunisia 1 Turkey 2 Uruguay 2 Venezuela 1 Zimbabwe 1	
No. of reviews	40	10	92	4
No. of countries reviewed	25	5	56	13
No. of WTO members	25	12	72	29

* Reviewed as part of the European Union since 1995.

Sources: WTO Documents WT/TPR/86 and WT/TPR/89/Rev. 2; WTO Annual Report 2001

Appendix 9: Technical Cooperation (TC) in the Tanzania TPR of 2000

Tanzania

WT/TPR/S/66

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(ii) Trade-related assistance

56. As a least developed country, Tanzania faces many challenges and obstacles in its trade development and, more generally, its economic development. In its efforts to overcome these and achieve its policy objectives, Tanzania is being assisted by many of its development partners, among them the WTO. While many countries are able to capitalize on the global trade liberalization resulting from the Uruguay Round negotiations, and are able to benefit from an export-led growth, there are countries that have difficulty doing so, in particular the least-developed countries. WTO Members recognize this and therefore, at their first Ministerial Conference in 1996, committed themselves to address this problem in a tangible way, and adopted the Comprehensive and Integrated WTO Plan of Action for Least-Developed Countries. In pursuit of the Plan of Action, a High Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development was held at WTO in October 1997, organized by the WTO, the International Trade Center, UNCTAD, and UNDP, in close collaboration with the IMF and the World Bank.

57. At the High Level Meeting, a number of WTO Members announced steps they would be taking on an autonomous basis to enhance market access for imports from least-developed countries. In order to create the enabling environment in the LDCs to benefit from such increased market access, the High Level Meeting furthermore endorsed the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF). This Framework is aimed at making such assistance in least developed countries more effective and efficient by laying down a mechanism for closer coordination of trade-related technical assistance activities. The mechanism applies in the first instance to the trade-related assistance activities of the IMF, ITC, UNCTAD, UNDP, the World Bank, and WTO in all 48 least-developed countries (LDCs) and is based on these countries' requests for such assistance and on their full ownership of the process.

58. In pursuance of the IF, Tanzania is among the forty LDCs that prepared an assessment of their needs for trade-related assistance.¹⁰ Taking this assessment as a basis, the six IF core agencies formulated a coordinated response of trade-related assistance activities, which each organization individually or jointly, and in coordination with the other five, has committed to provide in line with its own expertise, comparative advantage and available resources.

59. Tanzania is one of the twelve LDCs that held a so-called "show case roundtable meeting" at the High Level Meeting of October 1997, where it had the occasion to present its needs assessment and where the development partners of its choice described their assistance to Tanzania.¹¹

60. In the needs assessment, the Tanzanian authorities drew attention to their fundamental economic problems, such as the narrow industrial base with heavy dependence on traditional commodity exports. They also noted that the significant policy change in support of private-led development over the last several years had begun to show positive results. They pointed out that the fundamental aim of the country's policy reform effort is to accelerate the development process through improved international competitiveness, improved efficiency in the allocation of resource stimulating domestic savings and investment, and strengthening technological capabilities. Tanzania's efforts in trade development are faced with various obstacles such as poor physical infrastructure, expensive factors of production such as high energy costs, inadequate capacity in production and export management, insufficient direct business contacts, and inadequate knowledge of the markets rules and requirements that keep changing. Tanzania faces various challenges, such as a review of its legislation to make it consistent with WTO commitments, and the notification process, which is a

¹⁰ WTO document WT/LDC/HL/12/Add.9, 27 October 1997.

¹¹ WTO document WT/LDC/HL/M/1/Add.1, 18 December 1997.

heavy burden, all of which requires enhancement of institutional and human resource capacities in the trade-related sector. Improvement of Tanzania's exports and of its share in global trade has been a focus of Tanzania's trade policy.

61. In the light of such challenges, Tanzania has identified a number of areas where it requires trade-related assistance. These include:

- assistance in the review of Tanzania's regulatory System to align it with WTO rules, such as in the area of customs valuation;
- assistance to improve Tanzania's capacity to participate in the next WTO negotiations, not in the least in the area of Services, an area which holds considerable potential for the country's economic development (tourism, financial services, telecommunications). In this context it is noteworthy that the authorities of Zanzibar have pointed in particular to the need for legal training of its officials to build capacity to align its legislation with WTO rules and regulations, build negotiating skills to prepare for the next negotiations, and to increase capacities to negotiate investment contracts;
- assistance in solving its supply capacity constraints, including building capacities for enhanced productivity, product development, enhanced quality control, and diversification through improved research activities;
- development of infrastructure linking production areas with export outlets, and provisions of reliable energy for industrial production at competitive prices;
- improving telecommunication and transport systems through privatization;
- assistance in trade policy formulation;
- human and institutional capacity building, in particular for the various Ministerial Departments and other governmental as well as private-sector institutions, such as chambers of commerce (both on the mainland and in Zanzibar);
- assistance to help the Government in its efforts to increase coordination at the national level for a better interaction among the various Ministries, technical and private-sector institutions to enable them to become active in trade policy formulation, review and implementation;
- assistance in the rationalization of the tariff system and in securing improvements in the duty-drawback system;
- assistance to overcome difficulties in accessing foreign markets due to quality and health requirements (for example for fisheries);
- resources and technical assistance to establish efficient information systems to identify market access constraints in the area of finance and credit facilities and to facilitate market development and adaptation programmes; and
- studies in product design, quality packaging and standardization.

62. Part of the assistance being provided by the six core agencies on an on-going basis under the Integrated Framework has already borne fruit. By way of example, assistance is successfully being provided to bring Tanzanian trade legislation into conformity with WTO obligations. A new Investment Act has been published. Tanzania is in the process of establishing a Business Council, and the Tanzania Investment Centre is up and running; it is finalizing the establishment of a one-stop shop organization for the purpose of facilitating new and current investment. The Tanzania tariff has been rationalized and further tariff reform is on-going. The privatization of the parastatals is moving into its second phase. In addition, foreign capital assistance is being provided in the energy and road sectors. Part of the Integrated Framework assistance is provided under the Joint Integrated Programme for Tanzania developed by ITC, UNCTAD and WTO with Tanzanian officials ("JITAP"). JITAP's main objectives are to build a national capacity for understanding the changing multilateral trading system and implications for Tanzania's trade; to help conform Tanzania's policy and regulatory framework to seek maximum advantages from the multilateral trading system; and to enhance Tanzania's export readiness in selected key areas. A considerable number of activities have already been carried out under JITAP or are being planned, in terms of ensuring conformity of Tanzania's trade legislation to the WTO rules and regulations, in the area of export promotion and institutional capacity building.

63. The current review of Tanzania's trade policy seems to indicate that priority areas for WTO's technical assistance are customs, services and Tanzania's participation in further negotiations in the financial services, telecommunication and the tourism sectors, as well as in the area of standards.

64. The Integrated Framework exercise aims for the endorsement of a multi-year programme of trade-related assistance. In order to achieve this, the LDC concerned is to call a trade related meeting (TRM) to which it will invite the development partners of its choice (multilateral, regional, and bilateral). This meeting allows for broadening the exercise so that least developed countries can seek support that goes beyond what the six agencies can make available to meet its needs for trade-related assistance. In preparation for this meeting, each LDC, along with its development partners, is to review its needs assessment and prepare a concrete multi-year programme of trade-related assistance to meet those needs, including a portfolio of priority project profiles, taking into account the assistance already provided: bilateral as well as multilateral assistance, and both technical and capital assistance in the area of trade. On the occasion of its Consultative Group Meeting, held in Paris in May 1999, Tanzania announced its intention to produce the multi-year programme and organize the TRM. The former was presented at a pre-TRM in Dar es Salaam on 14 October 1999. The final TRM is scheduled as part of the Consultative Group meeting in May 2000.

Appendix 10: TC in the Mozambique TPR of 2001

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(ii) Trade-related assistance

44. Under the Integrated Framework for trade-related technical assistance to LDCs (IF), Mozambique prepared an assessment of its needs for trade-related assistance (WTO document WT/LDC/HL/12/add.9). In this document, the Mozambican authorities stressed the objectives of the Government and the aims of the Government's trade policy, consisting of:

- promoting export diversification;
- stimulating the production of goods and services to meet the domestic demand;
- guaranteeing the provision of raw material and equipment to the domestic market, so as to stimulate the production of exported goods;
- upgrading quality of domestic production;
- supporting regional and international initiatives that contribute to a better economic integration and development; and
- improving the business and regulatory climate for investment.

45. The document draws attention to the fundamental economic problems facing Mozambique, such as the lack of competitiveness of many domestic industries; poor physical infrastructure; high costs of energy; narrow industrial base with heavy dependence on few commodity exports; severe capacity constraints, in particular skills shortage; inexperienced private sector; lack of exposure to the world markets; and inadequate knowledge of the rules and requirements of regional and world markets.

⁸ WTO document WT/COMTD/IF/29, 6 April 1998.

46. Taking this assessment as a basis, the six core agencies of the IF (the WTO, IMF, World Bank, UNCTAD, ITC, and UNDP) formulated a coordinated response on trade-related assistance activities, which should have been the basis for a Roundtable in Mozambique. However, such Roundtable was never held due to the difficulties encountered by the IF itself. Despite these difficulties, it has been stressed by the Mozambican authorities that several changes have occurred in trade policy (as reflected in the Trade Policy and Strategy of April 1999) and that the needs assessment of 1997 should be adapted to the new trading environment, in particular at the regional level.

47. In the context of the preparation of Mozambique's Trade Policy Review, a WTO Secretariat team visited Maputo in July 2000. During this mission an assessment of technical activities was undertaken that could serve as a basis for a pluri-annual programme that could be provided to Mozambique as a follow up, and in the light of the Review.

48. The conclusions of this assessment found that trade-related technical assistance activities, which would be provided by international agencies, including the WTO, should fulfill the objectives listed below.

Information

49. Assistance in terms of information on the multilateral trading system is needed in order for Mozambique to be well informed on the developments taking place in the multilateral trading system. Very little information on the WTO is made available to the different actors/groups. Information on the multilateral trading System does not seem to reach most ministries, except the Ministry of Trade. The Mozambican authorities requested that more activities concerning the dissemination of information be provided in the future on a regular basis.

50. Against this background, it should be noted that documentation on the world trading environment does not receive a widespread dissemination. Very little information material is provided to the local media by the Ministries, or the WTO. The WTO could make available to the media the relevant information.

51. A similar lack of awareness within the private sector (including the Chamber of Commerce) as well as the universities, and the multilateral trading system, may explain the adverse public opinion of the world trading system. In general, many people feel that the price paid by Mozambique to join the multilateral trading system is too high; many are of the view that it might be better for Mozambique to look for benefits within the framework of regional integration schemes, in particular SADC.

Capacity building

52. Another major task is to assist Mozambique in capacity-building, in particular in activities to improve human and institutional capacity building. Very few officials in the various ministerial departments - except in the Ministry of Trade - have participated in training activities organized by international institutions, including the WTO, on a regular basis. Mozambican officials have participated in regional seminars, including in seminars organized under the framework of SADC; these have focused on services; market access, including customs valuation and pre-shipment inspection; trade and environment; integrated data base; and rules. Mozambican officials have not participated in other specialized regional seminars. Only one seminar on the multilateral trading system was held in Mozambique during the period 1994-2000, in Maputo.

53. National or regional seminars have been the main instrument for capacity-building in the case of Mozambique. Only four officials from the Mozambican Government have participated in the regular GATT/WTO trade policy courses lasting more than three months; three officials attended the short trade policy courses organized by the WTO Secretariat for least-developed countries in 1998/2000.

54. As a general feature, these weaknesses are identical for the Mozambican private sector.

55. As a consequence, Mozambique's training needs remain substantial. Mozambican officials have underlined that the main thrust of technical activities should be to increase substantially the number of "knowledgeable" officials.

56. The following technical assistance activities might be considered:

- national seminars on general trade topics, on a regular basis in Maputo (or in specific provinces) on a yearly basis;
- to invite at least two Mozambicans to each specialized regional seminar;
- to have more Mozambican officials in the trade policy courses organized by the WTO;
- to organize trade policy courses at the regional or sub-regional level, in particular in the context of SADC and COMESA, where Mozambican officials could participate; and
- Mozambique's participation in the JITAP programme, which has a training of trainers component that could assist in responding to the urgent needs for capacity-building expressed by Mozambique.

Implementation

57. An important element of the trade policy of Mozambique is to fulfill its obligations under the WTO. However, a certain number of points should be borne in mind, including the difficulties encountered in fulfilling notification requirements, adjusting the domestic legislation, and applying effectively the WTO Agreements.

(a) Notifications

58. Mozambique has, to date, made only three notifications (Table II.3).

59. The low level of notifications derives mainly from the general lack of information and knowledge of the officials in the responsible ministries dealing with the various WTO Agreements. This could be noted, in particular, in the Ministries of Agriculture and Fisheries, Industry and Trade, and Foreign Affairs.

60. Another major bottleneck is the lack of coordination and, to some degree, of overlap of mandates among ministries on specific topics, in particular between the Ministry of Industry and Trade and the Ministry of Planning and Finance. Special assistance should be envisaged to help the Government of Mozambique in its efforts to increase coordination and interaction among the various ministries, technical and private-sector institutions to enable them to become more active in the area of implementation.

(b) Adaptation of legislation

61. Technical assistance has been provided to Mozambique to bring its domestic legislation into conformity with the relevant WTO Agreements. Specific assistance was provided in certain areas, on a bilateral basis, in particular on customs valuation and TRIPS. However, it appears that assistance is still needed in terms of a clarification and inventory of all the decrees and laws that would need to be modified.

(c) Effective implementation

62. Despite assistance provided by some bilateral donors and international organizations (DFID, Crown Agents, Norwegian Aid, GTZ, the World Bank, and IMF), there remain important needs in terms of human and financial resources. These are crucial, in particular considering the small number of officials in charge of implementing the Agreements (e.g. in Customs). This shortcoming is also linked to the perceived inadequacy of training in middle-ranked officials and technicians in charge of fisheries, agriculture, industry, and unfair competition. The Mozambican authorities also face a serious lack of financial and technical means to implement the WTO Agreements.

63. A further important bottleneck consists in the inadequacy of equipment relating to quality control, in particular for exports and consumer protection.

64. Mozambican officials have also noted the need for technical assistance to overcome difficulties in accessing foreign markets, due mainly to strict quality and health requirements (for example in fisheries). Financial resources and technical assistance were also requested for product design, quality improvement, packaging, and standardization.

65. The effective implementation of multilateral agreements may also be hampered by difficulties in law enforcement, in particular laws to prevent exhaustion of natural resources, notably in the fishing industry resulting from poor infrastructure, and a number of impediments related to geographical (coastal and land) issues and the economic environment (the existence of a large informal sector).

66. Box II.1 describes the situation concerning implementation in Mozambique of selected agreements.

Participation in the multilateral trading system

67. Technical assistance is required to improve Mozambique's capacity to participate in the multilateral trading system and the ongoing WTO negotiations. Particular attention is needed in the area of services, which holds considerable potential for Mozambique's economic development (tourism, financial services, telecoms). In this context, the authorities have mentioned the necessity to build negotiating skills among its officials to prepare them for the next set of negotiations.

68. Mozambique does not have a permanent mission in Geneva. It would appear necessary for a group of negotiators to be trained in the near future to enable Mozambique to be actively represented in the WTO and to be in a position to participate more fully in the negotiations and ongoing issues. Seminars/workshops on negotiating techniques, as well as on dispute settlement, would be appropriate.

Box II.1: Implementation of selected WTO Agreements

Customs valuation: the WTO's customs valuation agreement is being progressively put in place in Mozambique. For this purpose, the Government receives the assistance of Crown Agents (U.K.), acting under the framework of a multi-year contract. The main areas of assistance activities include the progressive application of the WTO definition of value; computerization of the main 11 regional customs offices; training of officials on the WTO valuation method; and risk management.

Additional efforts are needed in areas such as the final drafting of a new Decree based on the WTO customs valuation agreement, and publication of minimum values which have not been notified to the WTO.

SPS and TBT: focal points dealing with sanitary and phytosanitary measures and technical barriers to trade have already been set up. However, the ability of these points to respond to questions raised by other Members remains doubtful due mainly to the lack of telecommunication equipment. Mozambique is seeking some assistance in the context of SADC, where harmonization among member countries is being pursued.

Rules on unfair competition: the existence of specific Mozambican legislation dealing with unfair competition is not clear. Some laws dating back to 1944 were quoted by some ministries as a basis for future follow-up in that area, whereas it was stressed by other ministries that such legislation was abolished long time ago.

It would be useful to evaluate the real necessity of enacting legislation on countervailing duties and safeguard actions.

Import licensing and investment laws: some uncertainties were noted by officials concerning the compatibility of domestic legislation on import licensing and investment regulations with the relevant WTO Agreements.

TRIPS: efforts to modernize the domestic legislation are needed, as Mozambique's current intellectual property laws date back to the Portuguese administration. It has been stressed that Mozambique has not yet signed certain main intellectual property instruments, including the WIPO convention itself.

Source: WTO Secretariat.

Reference Centre

69. A reference centre was installed in Maputo in 1998 to provide a permanent communication tool with the WTO, and a solid documentation on the multilateral trading system. This centre, installed in the premises of the library of the Ministry of Trade, needs to be upgraded and developed to allow continuous online communication with the WTO. More equipment, in addition to that supplied by the WTO, is also needed, in particular another computer and a photocopier, as well as additional shelves for the books provided. Additional training, as well as a refresher course, should be envisaged in the near future as only two officials seem to be able to use the reference centre. .

70. With respect to informatics in general, several ministries/public entities have stressed the need for new equipment and material. Such requests were made by the Ministries of Industry and Trade, and Agriculture and Fisheries, among others. A similar request was made concerning the use of statistical tools, including the integrated data base in the same ministries.

Appendix 11: TC in the Madagascar TPR of 2001

(ii) Trade-related assistance

35. In the context of its participation in the GATT and then in the WTO since 1995, Madagascar has regularly utilized the technical assistance provided by several international institutions, including the WTO Secretariat. Until 1996, this technical assistance was provided on a one-off basis in response to requests made by the Malagasy authorities. Following the adoption of directives on providing technical assistance on the basis of parameters set by the Committee on Trade and Development, a three-year plan was drawn up for all the countries benefiting from such aid, including Madagascar.

36. As part of the preparations for the high-level meeting on the least-developed countries in October 1997, the Malagasy authorities undertook a special assessment of their overall needs covering a period of several years.³

37. This assessment was to serve as the basis for a subsequent round table on Madagascar's trade, called for in the integrated framework (WT/LDC/1/Rev.1). The round table did not take place, however, due to problems in implementing the integrated framework itself. Despite these problems, the first assessment of needs, in 1997, showed that the needs listed were not sufficiently detailed and had not been classified in order of priority. It also showed that the replies given by the six agencies/institutions only partly responded to the needs expressed. Consequently, several agencies were unable to implement the technical assistance indicated in their replies.

38. In the context of this Review of Madagascar's trade policy, a WTO mission undertook an assessment of the technical assistance that could be provided on a long-term basis.

39. The conclusions set out below establish a link between the trade policy review exercise and the support needed, as well as the preparation of the meeting of the World Bank's advisory group, at which one of the main questions should be how to respond to the trade policy concerns expressed.

40. The technical assistance assessment shows that Madagascar wishes to ensure that aid provided by the WTO would help in attaining the following objectives:

- (i) assist Madagascar's efforts to give the various economic and political sectors in Malagasy society better information on the multilateral trading system and its development;
- (ii) help in training the actors/groups of persons who should have expertise in the various multilateral issues so that they can fulfil their task of advising decision-makers or implementing various instruments of Madagascar's policy;
- (i) assist the Government of Madagascar in implementing the agreements it has voluntarily concluded, in particular the commitments made upon its accession to the WTO;
- (ii) allow Madagascar to adapt better to the realities of multilateralism by helping it to become more familiar with trade negotiations and better defend its interests; and
- (iii) allow Madagascar to make better use of the various instruments/tools needed for the conduct of its trade policy.

Information

41. Information on the trade system continues to be one of the essential parameters for Madagascar. The scant awareness of the multilateral system noted in this respect, both among public authorities and in the private sector and universities, results in an inadequate understanding of the advantages and challenges of the multilateral system. This explains in part Madagascar's difficulties in implementing its commitments within the WTO.

³ WTO document WT/COMTD/IF/6.

42. Information is not conveyed satisfactorily, especially by the media. Neither the press nor the audio-visual media appear to attach great importance to the WTO and the multilateral system; if they do it is on an ad hoc basis only. The Malagasy authorities would like to see explanatory material provided to the national media on a regular basis and the inclusion of these institutions in the lists for WTO publications/bulletins/reviews. A wish was also expressed that journalists from the representative national press be invited to WTO Ministerial Conferences with their expenses paid.

43. Few Information seminars have been held in Madagascar. Most information activities have been undertaken in the capital, Antananarivo, although one seminar was held at Toamasina in 1999. The Malagasy authorities expressed the hope that, in future, other activities could be organized both in the capital and in the five other provinces.

44. Information sessions or seminars of a general nature are usually organized by a particular Ministry, for example, the Ministry of Trade and/or the Ministry of Foreign Affairs; the other ministries invited show little interest. This lack of interest is probably because these Ministries are unaware of the areas of convergence between their own activities and the WTO's spheres. This has been noted in the case of agriculture, industry, telecommunications, environment, and justice.

45. Information activities directed at these institutions are needed on a regular basis according to a timetable to be included in the national implementation plan, and through better circulation of information.

46. With regard to the private sector, with the exception of some actors, business circles are not well informed about the multilateral trading system, which they see as preventing them from maintaining their well-established position in the domestic market after liberalization. Only one information session has been organized since 1994, by the Chamber of Commerce and Industry of Antananarivo. Special information sessions, directed at the world of business or their representative institutions, are needed both in the capital and in the provinces, utilizing in particular their support institutions. A request has been made for assistance to hold sessions in two cities, Majunga and Nossi-Be.

Training

47. Training should be directed at every sector and at all levels of Malagasy society dealing with questions related to the WTO Agreements. Only around a dozen officials, mainly from the Ministry of Trade, have participated in the GATT/WTO regular trade policy training courses; and three officials from the Ministry attended the short-term trade policy courses organized by the WTO since 1998 for the least developed countries. No official from other ministries has followed the trade policy training courses held by the WTO.

48. As a first step, officials from the other Ministries concerned by multilateral activities should be given an opportunity to take part in training activities. In view of Madagascar's considerable needs in the area of training, consideration should be given to organizing such activities on a regular basis, possibly annually, in the form of special training courses at the national level.

49. These activities could be held in addition to the short-term training courses organized by the WTO for the least developed countries. They could be carried out at the regional level, as is the case for the training courses for LDCs, more specifically in the context of a trade policy course for members of the Indian Ocean Commission. It is essential that representatives of the private sector be involved in these projects.

50. Shorter training courses, in the form of special seminars on particular subjects, these have been held only infrequently, and there has often been too long a gap between them. The Malagasy authorities would like to see such seminars organized on a regular basis, in line with the points being discussed in the multilateral context. The participants sent to these courses have often been generalists and not specialists in the subjects of these seminars, this is particularly true of the SPS and TBT Agreements, rules, and the environment.

51. Some officials have referred to the possibility of organizing courses or training modules on the multilateral trading system for their own staff. This has been proposed in connection with the curriculum at the National Customs School in Toamasina (e.g. on the valuation method based on the transaction value), and in the Ministry of Trade and the Ministry of Agriculture.

52. Lastly, several enquiries were made regarding the possibility of taking part in the training of trainers programme, as it operates within the JITAP programme, in which Madagascar has officially requested to participate.

Implementation

53. The burden related to implementing the various WTO Agreements is so important that public and business sectors wonder whether Madagascar will be in a position to meet its obligations in the medium term. The constraints can be classified under the following headings: (a) notifications; (b) adaptation of legislation; and (c) effective implementation.

(a) Notifications

54. As at November 2000, only few notifications have been sent to the WTO Secretariat (Table II.3). The reasons for this shortcoming can be found in the reticence of the technical ministries to notify to the WTO on matters that they consider to be within their exclusive domain. This mainly reflects unawareness of the obligations undertaken by the Government of Madagascar when it acceded to the WTO.

55. Some senior officials do not understand why they are asked to notify when they are unable to take action due to the absence of legislation, for example, on anti-dumping or safeguards. Further problems concern the number, complexity, and technical nature of the majority of the many notifications requested.

56. Some notifications are not made because they require concerted action and proper coordination, and do not allow for disputes over competence among the various ministries and institutions.

57. Therefore, the Malagasy authorities would like further assistance on notifications, especially in the form of technical missions to the various ministries/institutions concerned.

(b) Adaptation of legislation

58. Madagascar is facing a problem in adapting its legal system to the WTO Agreements. Nevertheless, an effort is being made by the authorities, particularly the Ministry of Justice. This work, which covers, *inter alia*, the Code of Commerce, is being undertaken as part of an overall reform of the judicial system, being carried out with the support of several bilateral institutions/partners, including the World Bank and the Caisse Française de Développement.

59. The amendment of existing legislation (in particular the definition of dumping) or the preparation of legal acts to incorporate the WTO Agreements (in particular, safeguards) into Malagasy law, would appear to be a relatively long-term and difficult task due to their scope and the limited resources available, as well as political problems underlying any change.

60. Technical assistance on the legal matters, for example, in the form of opinions and advice, could also be provided by the WTO Secretariat, at the request of the authorities.

(c) Effective implementation

61. Problems in implementing the WTO Agreements remain, despite the technical assistance provided by various institutions such as the WTO, the World Bank, the WIPO, the WCO, the FAO, the IOE, and UNCTAD, and despite the transitional periods allowed to Madagascar as an LDC.

62. The Malagasy authorities have drawn attention to significant problems related mainly to the training of staff in the ministries responsible for implementation; some of these problems go beyond the framework of trade policy implementation.

63. These difficulties are due to scarcity of resources for implementing the Agreements in relation to, *inter alia*, customs valuation, technical barriers to trade, sanitary and phytosanitary regulations, and intellectual property; the lack of human resources to carry out the implementation; and disputes over competence resulting from the overlap between institutions/ministries (information does not circulate freely among them). Furthermore, the customs administration intends to update computerization of customs data; therefore, it needs the related material. The version of the Automated System for Customs Data and Management (ASYCUDA) currently used by the customs administration needs to be updated. Equipment is also needed for tests, sanitary and phytosanitary controls, and to combat infringements of intellectual property rights.

64. Overall, substantial technical assistance should be envisaged for the effective implementation of the Agreements, particularly those on customs valuation, technical barriers, sanitary regulations, intellectual property, and anti-dumping and safeguards. However, it would be necessary first to undertake an in-depth assessment of the assistance needs of each institution concerned.

Participation in the multilateral system

65. In the context of Madagascar's future participation in the multilateral trading system, contacts in Geneva and within the Ministries in Antananarivo indicate that additional technical assistance is needed from international institutions, including the WTO. The technical ministries do not receive regular information on the multilateral system and its issues, especially the ministries with competence for agriculture and services; they do not appear to be in a position to prepare/advise the Government on such matters.

66. In general, all the ministries contacted wished to be better prepared for the future negotiations and their issues through technical assistance, for example, in the form of specialized workshops. They also wished to be better prepared, for example, through training negotiators, negotiation simulation exercises, and workshops on the techniques used.

67. The Malagasy authorities would like to improve their understanding of the specific issues resulting from the decisions taken at ministerial sessions, particularly as regards e-commerce and the environment. For competition and trade issues, as well as trade facilitation, the technical assistance provided by the various institutions appears to correspond to the needs noted.

Reference centre

68. The WTO Reference Centre is situated within the Ministry of Trade. However, among its problems is the failure of other ministries to use its facilities. This is due to the lack of publicity about the Centre, both among the other ministries and the private sector. It is also particularly difficult for any potential user outside the Ministry to have access to the Centre; and maintenance costs, particularly for repairs, and the high cost of office equipment needed to operate the facilities, including the printer, are limiting factors. Very few people have been trained to use the computer equipment and electronic documentation; at present, no ministry official is able to use the e-mail. About ten people seem to be able to make effective use of the equipment provided.

69. The hard copies of documents provided by the WTO are not suitably stored nor logically and systematically organized; there is no librarian attached to the Centre. Breakdowns appear to occur frequently, however, repairs generally take several weeks, during which the Reference Centre is not operational.

(iii) Regional agreements

70. At the regional level, Madagascar's economic cooperation arrangements currently revolve around the African region, including the Common Market for Eastern and Southern Africa (COMESA), the Cross-Border Initiative (CBI), and the Indian Ocean Commission (IOC). Madagascar intends to join the Southern African Development Community (SADC).

(b) Common Market for Eastern and Southern Africa

71. Madagascar became a member of the COMESA in 1995. The current members are Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

72. The COMESA Treaty superseded the Preferential Trade Area for Eastern and Southern African States (PTA). Its agenda is to deepen and broaden the integration process among member States through: the adoption of more comprehensive trade liberalization measures, such as the complete elimination of tariff and non-tariff barriers to trade and the adoption of a Common External Tariff (CET); the free movement of capital, labour, goods, and right of establishment within COMESA; the adoption of a common set of standards and technical regulations, quality control procedures, certification schemes, and sanitary and phytosanitary regulations; the standardization of taxation rates (including value-added tax and excise duties), and conditions regarding industrial cooperation, particularly on company laws, intellectual property rights and Investment laws; and the establishment of a Monetary Union.⁴

73. COMESA members resolved to create a free-trade area (FTA) by 31 October 2000.⁵ However, only nine of the twenty members, i.e. Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, and Zimbabwe, met this deadline. Other members are to join the FTA over the coming year. COMESA has also agreed to implement a Common External Tariff by 2004; the CET will be 0%, 5%, 15%, and 30% on capital goods, raw materials, intermediate goods, and final goods, respectively.⁶ In 1998, intra-COMESA trade amounted to some US\$1.5 billion and represented 7.7% of total exports by the member States, down from 9% in 1970.⁷

⁴ COMESA online Information. Available at: <http://www.comesa.int/background.htm>.

⁵ COMESA online Information. Available at: <http://www.comesa.int/trade/tradftao.htm>.

⁶ COMESA online Information. Available at: <http://www.comesa.int/finance.htm>.

⁷ *Financial Times*, 31 October 2000.

Appendix 12: Multilateral, Regional and Bilateral Providers of Trade-Related Technical Assistance

Multilateral Organizations

Food and Agriculture Organization
International Labor Organization (ILO)
International Organization of Legal Metrology
International Textiles and Clothing Bureau
International Organization for Standardization (ISO)
International Telecommunication Union (ITU)
International Plant Genetic Resources Institute (IPGRI)
Office International des Epizooties
Organization for Economic Cooperation and Development (OECD)
United Nations – DESA
United Nations Environment Programme
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
International Trade Center (ITC)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Industrial Development Organization (UNIDO)
World Health Organization (WHO)
World Bank
World Customs Organization (WCO)
World Intellectual Property Organization (WIPO)
United Nations Institute for Training and Research (UNITAR)
World Trade Organization (WTO)
Common Fund for Commodities

Regional Organizations

African, Caribbean and Pacific (ACP)
Asia Pacific Economic Cooperation (APEC)
Asociación Latinoamericana de Integración (ALADI)
Banco Centroamericano de Integración Económica (BCIE)
Common Market for Eastern and Southern Africa (COMESA)
Commonwealth Secretariat
European Bank for Reconstruction and Development
Economic Commission for Africa (ECA)

League of Arab States
Instituto Interamericano de Cooperación para la Agricultura (IICA)
Organismo Internacional Regional de Sanidad (OIRSA)
Economic Commission for Latin America and the Caribbean (ECLAC)
Economic Commission for Europe (ECE)
Secretaría de Integración Económica Centroamericana (SIECA)
Sistema Económico Latinoamericano (SELA)
Organization of American States (OAS)
Inter-American Development Bank
Secretaría General de la Comunidad Andina
Economic and Social Commission for Asia and the Pacific (ESCAP)

Bilateral Donors

Austria
Australia
Canada
Chinese Taipei
Denmark
Finland
Germany
Greece
Japan
Korea (Rep. of)
New Zealand
Netherlands
Norway
Singapore
Switzerland
Sweden

Source: World Trade Organization

http://www.wto.org/english/thewto_e/teccop_e/tecwebsites_e.htm

See also: http://www.wto.org/english/thewto_e/teccop_e/tecguide_e.htm

Appendix 13: Thematic Clusters in the Joint Integrated Technical Assistance Programme (JITAP)

- Cluster 1 Integrated Management and Headquarters Based Technical Inputs
- Cluster 2 Support to MTS Institutions
- Cluster 3 Assistance to Customs
- Cluster 4 Legal Adjustment and Business Environment
- Cluster 5 Reference Centres
- Cluster 6 Trade Information Management
- Cluster 7 Networking Programme Partners and national network of MTS Trainers/Experts
- Cluster 8 Human resource development and improvement of MTS knowledge
- Cluster 9 MTS impact on national economy & external trade, and trade polica adaption
- Cluster 10 Human resource development in national & sectoral export strategy formulation
- Cluster 11 Assessment of export and market potentials
- Cluster 12 Formulation of sectoral/product specific strategies
- Cluster 13 Trade secrets, the export answer book for SMEs
- Cluster 14 Export financing
- Cluster 15 Quality management in MTS context & export packaging

Appendix 14: The WTO's Involvement in JITAP

Clusters	Topics	Countries
2	Assistance to WTO Focal points	Benin, Côte d'Ivoire, Tanzania
3	Customs Assistance	Benin and Burkina (assistance mission)
		Tanzania (Seminar in August)
		Uganda (follow-up mission)
		Tunisia, Kenya, Ghana, Côte d'Ivoire (follow-up missions)
4	Implementation of WTO laws and regulations	Benin, Burkina Faso, Tanzania (implementation mission)
		Regional Seminar in Kampala
		Ghana, Kenya, Côte d'Ivoire
5	Reference Centres	ITC/UNCTAD/WTO joint mission in West Africa and East Africa
		Tunisia: Reference Centre mission
7	Communication and Dissemination Facility (CDF)	On-going ITC/UNCTAD/WTO project
	Web site support activities	
8	Human resource development and improvement of the knowledge of MTS	Tunisia (TRIPs Seminar)

*Eight countries are participating in JITAP - Four LDCs: Benin, Burkina Faso, Tanzania and Uganda; and, four other developing African countries: Côte d'Ivoire, Ghana, Kenya, and Tunisia

Request for expansion of JITAP:

The Secretariat Working Group has received requests from 19 countries to be included in JITAP. These are: Botswana, Cape Verde, Chad, Congo DR, Djibouti, Ethiopia, Guinea, Haiti, Madagascar, Mauritania, Mauritius, Morocco, Mozambique, Niger, Senegal, Togo, Yemen, Zambia, Zimbabwe.

Source: WTO : WTO Programme For Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79 WT/LDC/SWG/IF/7, Geneva 24 October 2000, ANNEX III (5)

Appendix 15: 2000 Evaluation of JITAP

KEY FINDINGS AND RECOMMENDATIONS

Findings

- JITAP is an important response by the donor community and by the multilateral trade institutions to address critical concerns of least-developed and poorer developing countries, resulting from their integration into the MTS and complying with WTO agreements.
- JITAP can be the catalyst for TRTA. Its process-oriented approach, which aims to help trigger an inclusive trade policy process, bringing the various stakeholders on board, is an unique feature. It is emerging as a successful experiment in developing a model for TRTA, although adjustments to current methodologies are imperative.
- Joint programming of technical assistance undertaken through JITAP by ITC, UNCTAD and WTO is unique among the many collaborative and co-operative arrangements among multilateral institutions. While there have been many statements in various forums of the desirability of such co-ordinated approaches, JITAP constitutes a rare practical instance of joint programming and has lessons to offer.
- Although JITAP was intended as an integrated approach, the outcome has been more one of sequential and selective interventions from a 15-cluster menu of options. The responses and circumstances of individual countries are varied, so that an integrated menu has to be selectively delivered. The performance of JITAP has varied across countries and across clusters.
- The hybrid approach - a blend of country and inter-country activities - adopted by JITAP, although funding was largely for country specific activities, has been a unique experiment and is cost-effective. The impact would have been even greater if inter-country activities were not restricted by the current sub-regional approach.
- Trade issues are the concern of many agencies other than Ministries of Trade. The private sector plays the dominant role in trading operations. The major constraint to trade expansion is on the supply-side. Many donors are addressing these issues. JITAP has to place itself in the wider context for it to be a catalyst in TRTA.
- Among the noteworthy contributions made by JITAP so far are human resource development (about 400 persons trained and many of them are trainers), the facilitation of preparations for Seattle, providing the groundwork to build export sector strategies, upgrading capacities in Customs and Standards authorities and enabling public and private sectors to collaborate on MTS issues.
- In developing local training capacities, the potential inherent in local institutions such as universities and business schools has not been fully exploited. These institutions can develop sustainable training capacities through a closer involvement with JITAP.
- JITAP has worked largely through government and public sector agencies, mostly those affiliated with the Ministry of Trade. As a consequence, the private sector has not been optimally engaged. There should have been a stronger effort to work with the private sector, especially in clusters addressing export readiness issues.
- Other donors, bilateral and multilateral, are active in the target countries in trade-related technical and capital assistance. JITAP's engagement with these activities has been intermittent. Significant gains can accrue through closer working relationships with these donor programmes.
- An unintended, although most significant, result of JITAP has been the mobilisation of local constituencies, especially in the private sector, which have a positive attitude towards MTS and WTO issues. JITAP appears to have contributed to changing attitudes in the private sector towards exploiting opportunities in the MTS instead of lobbying governments for greater protection of industries. This has countered, to some extent and in some countries, the activities of pressure groups which are hostile towards liberal trading regimes.
- The financial pledges made (US\$7.6 million) constitute only 75% of the planned overall Budget of JITAP. So far, about two-thirds of the pledged amounts have been disbursed. At the end of the first phase, over 90% of the pledges would have been received and disbursed. For at least two countries, disbursements will be only about 40% of planned Budgets. All cluster activities

cannot be implemented in almost all countries and therefore a re-ordering of priorities is called for.

- Many improvements in management practices are called for. Regional co-ordination arrangements have not been highly productive. The NSCs have not been effective in many countries. The NFP and NF arrangements have been highly effective in two or three countries and not so effective in the others. These mechanisms and relationships need to be reviewed.

Recommendations

- JITAP should place itself clearly as a country-level catalyst for TRTA. Its role should be to stimulate the flow of TRTA from other sources, to implement the large portfolio of tasks that are required to be undertaken in the target countries. To play a catalytic role of this kind, JITAP needs to establish partnerships with other donors and multilateral financing institutions. This should be the task of JITAP in the short and medium term.
- In the current phase (the next 10-12 months), JITAP's primary aim should be one of consolidation. It should build on successes and carefully and selectively focus its activities where there are promising opportunities, especially in human resource development and further advancing export strategy sector development. These are identified in the report. Current workplans need to be adjusted accordingly.
- In the area of human resource development, JITAP should now focus strongly on building local training capacities, involving universities, business schools, the private sector and others and assisting these institutions to build their own curricula, training material and training programmes. JITAP should also be the catalyst for training networks on MTS issues at the country level. These networks should not be confined to JITAP trainees and they should be extended to include all competent trainers.
- JITAP should broaden its public sector constituency in its target countries. Currently, it is largely confining itself to agencies within Ministries of Trade. Mainstreaming trade issues requires JITAP to be more involved with other central agencies of government, such as Ministries of Finance.
- JITAP should immediately expand its activities with the private sector. Currently, the private sector is only marginally involved in most JITAP activities. Engaging the private sector more extensively will enable JITAP to overcome the bureaucratic hurdles which have hampered progress.
- The management system of JITAP should be revised. The Regional Co-ordinators should be phased out. There might be a role for a Field Co-ordinator. NSCs should either be wound up or their mandates clearly defined and their performance should be closely monitored from Geneva. At the country level, a full-time JITAP-employed professional (either as National Facilitator or National Technical Advisor) might be appropriate. The Geneva agencies should interact more closely with country-level Focal Points and National Facilitators.
- Donors should as a matter of urgency release resources they have pledged, so that there is no disruption to programme implementation. Donors should also consider a modest level of additional pledges (around US\$1.5 million) to consolidate activities in the current phase.
- Consultations should be initiated with donor countries, to explore funding arrangements for the seven target countries, for a further period of two years. These arrangements might include accessing bilateral donor assistance at the country level, to build on JITAP achievements.
- There is scope for JITAP to be expanded to a new group of 10-15 countries, most of them least developed. The process of identifying these countries should start immediately and should be part of the workplan of JITAP in its current phase. A revised model should be aimed for, based on lessons learned from JITAP. The programme in these countries would probably adopt a more selective approach and a simplified management model. Emphasis should be placed on human resource development (Cluster 8 type activities), especially building capacities in local academic and training institutions and including the private sector. Capacities also need to be built for meeting new trade challenges. Consultations should be initiated with donors immediately, on the basis of an outline plan.

Appendix 16: 2000 Evaluation of the Integrated Framework – Executive Summary

EXECUTIVE SUMMARY

1. The principal objective of the Integrated Framework (IF) is to increase the benefits that Least Developing Countries (LDCs) derive from trade-related Technical Assistance (TA) made available to them by the six agencies involved in the IF and from other sources. The IF intended to assist LDCs respond to market demands and accelerate their integration into the multilateral trading system.
2. Other related objectives are to ensure that trade-related TA is demand-driven and to enhance ownership of the IF by LDCs, so that it meets individual country needs effectively. The WTO Ministers who initiated the IF in their first meeting in 1996 perceived ample opportunities to increase the effectiveness and efficiency of trade-related TA provided to LDCs. Synergies were expected to be realized from the six agencies working together more closely. Another objective implicit in the IF was to provide comprehensive and coordinated information to the six agencies about specific LDC needs in trade-related areas, so that the agencies could build upon their individual experiences and comparative advantage.
3. In the event, many of these objectives have not been realized. The principal issues associated with this outcome are: (a) different perceptions regarding the objectives of the IF between LDCs and donors: LDCs expected additional funding; donors expected the IF to realize greater efficiency and effectiveness by coordinating trade-related TA; (b) on the whole, IF processes did not lead to a prioritization of TA needs and there was no link to the overall development assistance architecture; (c) the IF was not sufficiently demand driven in the minds of LDC officials; (d) governance and administration were weak since they depended on management by committee without clear responsibility assigned to any single entity; (e) coordination was found more complex than anticipated between the LDCs and donors, among donors, and between the six agencies themselves; (f) the IF has been a generally “unfunded mandate,” with varying degrees of priority being given to the IF by different donors and agencies.
4. As to the future of the IF, three broad options suggest themselves.
 - (a) A first option is to complete the IF process as having had limited success. However, virtually all stakeholders canvassed through a survey of LDC IF “focal points” (see Annex 3 below), and in interviews of LDC, donor and agency representatives conducted by the review team, find value in the IF. Furthermore, the time period elapsed since the inception of the IF is insufficient to justify a conclusion that it should be wound down; the process of creating capacity is always a lengthy one.
 - (b) A second option is to expand the IF, as a few donors have suggested, to other developing countries such as the Highly Indebted Poor Countries (HIPC). However, without showing real success on the ground, there is no track record to justify now extending the IF to additional countries.
 - (c) A third option is to improve the IF by addressing the main issues that have been identified in the process of the review. This is the option re-

commended by this review. The following measures would form the core of the needed improvements:

(i) *Clarify Policy Objectives*

Clarify the objectives of the IF by restricting it to TA for trade-related development, to support, *inter alia*, policy reforms, manpower and human resources development, customs reforms, institutional change and legal environment reforms. Infrastructure investment and other hardware development, as well as TA solely related to equipment and bricks and mortar, would be handled in the context of Consultative Groups (CGs) supported by the World Bank and the UNDP-supported Country Round Tables (as distinguished from the round tables presently held for the IF).

(ii) *Prioritize and Link to Overall Development Assistance Architecture*

In the future most development assistance strategy issues are likely to be developed through participatory processes, in the context of such exercises as the Poverty Reduction Strategy Papers (PRSPs), the Comprehensive Development Framework (CDF) and the United Nations Development Strategy Frameworks (UNDAF). These efforts will be prepared by LDCs in consultation with the World Bank, the IMF, UNDP and other UN agencies, donors and stakeholders. In all such endeavors, country strategy will define the role of trade development and related TA. The IF will then be linked to the priorities established through the formulation of country development strategies.

(iii) *Give Ownership to the LDCs*

Make the IF process more demand driven and country-owned by requiring LDCs to prioritize their specific needs from the list of trade-related TA activities listed in the Needs Assessments (NAs). Once a particular trade-related TA project or program is identified as a priority by an LDC, that particular project or program would be submitted to the agency responsible for managing and coordinating such TA.

(iv) *Strengthen Governance and Administration*

The review considered two options: (a) strengthening the Administrative Unit (AU) to the point that it can manage the IF while continuing to be located at the ITC in Geneva, and (b) moving the responsibility for managing the IF to WTO (where the AU would be integrated). On balance, the review concluded that the superior option is to make the WTO responsible for IF management. This is because the IF requires leadership in the trade field. This leadership in trade resides in WTO, following the Uruguay Round. Given the specific capacities required for managing the IF (within the sharper focused objectives as per (i) above), WTO will need to strengthen its ability to handle trade-related TA. The Inter-Agency Working Group (IAWG) would continue as an advisory

group, meeting not more than twice a year, and help WTO in its coordination with the other IAWG agencies.

(v) *Coordination Issues*

Once governance is strengthened along the lines of the foregoing recommendation, coordination can be better assured, as WTO will be the designated clearinghouse for inter-agency coordination issues. After completion of all NAs, the IF process can be simplified. There is also no need to hold round table meetings for the IF, if no trade-related TA funding is expected. As to coordination within LDCs, the lead ministry in the country (whether it be Finance or Planning) that now discusses and presents infrastructure projects to the donors in the context of World Bank-supported CGs and UNDP-supported Round Tables, should bring the Trade or Commerce Ministers to support their requests for trade-related investment assistance at these forums. A special session for trade development may be considered in these forums.

(vi) *Funding the IF*

First, the IAWG agencies and donors will need to ensure that they budget their administrative costs related to the IF while providing whatever other incentives are needed for a better recognition of the responsibilities which they undertook when the IF was created. Second, when it comes to the financing of trade-related TA projects, one approach would be for WTO, as the managing agency for the IF to set up and manage a Trust Fund to finance such TA projects. All donors, including multilateral agencies, would contribute (on a voluntary basis) to the Trust Fund as an expression of their commitment to the IF. The Trust Fund could be replenished every three years, depending on the demand for such funds. The LDCs would access the funds according to well-established criteria and use them within the priorities established under the IF process. The LDCs should be able to draw from the Trust Fund to procure TA from any source, including the private sector. This would not only make TA truly demand-driven but will also create incentives for the agencies to tailor-make their assistance to specific country needs. The use of funds would be subject to standard rules utilized by donors for their projects as to commitments and disbursements. The TA provided by the six agencies and the private sector would be subject to international competitive bidding norms. The alternative to the Trust Fund option would be that the WTO would play the role of a clearinghouse for trade-related TA - an option that is less likely to achieve the objectives of a revised IF.

(vii) *Monitor Trade-Related TA Performance*

As trade development activities are brought into the mainstream by including them in the overall assistance process, they will be monitored and evaluated along with the progress of other programs in the countries. This can be done through the World

Bank's Economic and Sector Work and through the WTO's Trade Policy Reviews. WTO trade policy reviews should specifically monitor and evaluate the progress achieved towards integration of LDCs into the multilateral trading system. However, these reviews should go beyond the review of consistency with trade rules to assess how well trade regimes and trade-related TA are contributing to the integration of LDCs into the global trading environment.

(viii) *Enlarging the IF to Other Countries and Agencies*

This review recommends that the question of enlarging the IF be revisited in the future, after the new recommended arrangements are in place for about three years. At that time a review could be undertaken to see what progress had been made since 1997 to advance the objectives established for the IF.

Source: Rajapatirana, Sarath; Lusthaus, Charles; Adriene, Marie-Hélène:
Review of the Integrated Framework for Technical Assistance for Trade Development of Least Developed Countries, June 2000 (WT/LDC/SWG/IF/1)

Appendix 17: The WTO's Commitments to the Integrated Framework, 2001-2003

The activities listed below are the commitments¹ of the WTO in the Integrated Responses (WT/COMTD/IF/1 - 40) that have not yet been delivered.²

Country	
Angola	National Seminar Assistance in Implementation of WTO Agreements
Bangladesh	Assistance in Implementation of WTO Agreements
Bhutan	National Seminar
Burundi	Assistance in Implementation of WTO Agreements
Cape Verde	National Seminar
Comoros	National Seminar
Gambia	Assistance in Implementation of WTO Agreements
Guinea	Assistance in Implementation of WTO Agreements
Guinea Bissau	National Seminar Evaluation mission to examine specific needs
Haiti	National Seminar: Textiles & Services
Lesotho	Assistance in Implementation of WTO Agreements
Nepal	Assistance on Accession
Samoa	National Seminar
Solomon Islands	Assistance in Implementation of WTO Agreements
Togo	National Seminar Technical mission for assistance in Implementation of WTO Agreements
Zambia	Assistance in Implementation of WTO Agreements

Source: WTO : WTO Programme For Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79 WT/LDC/SWG/IF/7, Geneva, 24 October 2000, ANNEX III (2)

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- 1 In this context, commitments refer to the acceptance by the Secretariat, in the joint inter-agency IF process, that the WTO will deliver trade-related technical assistance, within its jurisdiction, to LDCs.
- 2 Activities may not have been delivered due to changes in the priorities of the LDC concerned or because the implementation modalities for carrying out the activity have yet to be finalized with the Government authorities.

Appendix 18: Needs Assessment Checklist for Trade-Related Technical Assistance via the Integrated Framework

CHECK-LIST FOR CONDUCTING TRADE-RELATED TECHNICAL COOPERATION NEEDS ASSESSMENT

This check-list has been drafted in preparation for the High-Level Meeting on Least-Developed Countries, called for by the WTO Ministerial Conference in December 1996. The High-Level Meeting will take place on 27 and 28 October 1997, in Geneva.

It is intended to provide governments of the least developed countries with a tool to facilitate the preparation of their needs assessments for trade-related technical cooperation, as elaborated below.

The objective of the check-list is to obtain an overall appreciation of the needs for technical cooperation in trade-related matters in least-developed countries, broadly defined to include technical assistance and human and institutional capacity building, both in the immediate and longer run. The results of this needs assessment will serve as inputs to design a coherent and integrated framework for external assistance to support trade-related activities of least-developed countries at all levels, including efforts to enhance the supply response of these countries. The resulting framework will form one of the main items for consideration at the High-Level Meeting in October; it is intended also that, at the Meeting, the framework will be used to apply a coherent and integrated programme of trade-related technical cooperation to meet the needs of individual least-developed countries.

While it is expected that the needs assessment will be carried out by the least-developed countries themselves in order to ensure that the process overall is properly demand-driven, *facilities for assistance* to the governments of individual least-developed countries *in completing their needs assessment* can be made available upon request by the six international organisations most closely involved in organising the High-Level Meeting (the International Monetary Fund, the International Trade Centre, UNCTAD, UNDP, the World Bank and the WTO). Requests for assistance of this kind should be sent to the Director, Development Division, WTO Secretariat, who will forward the requests to the other five agencies.

The check-list is organized under the following headings:

A. Trade policy

B. Obstacles/impediments to LDC's efforts to expand trade:

(i) supply constraints:

- problems related to physical infrastructure e.g. internal transportation, shipping, air transport, ports, warehousing, telecommunications, etc.
- problems related to institutional capacity, including quality control
- inadequate investment, domestic and foreign.

(ii) trade promotion and trade support services

(iii) in external markets

- gap in trade information;
- market access problems;
- marketing / distribution problems
- other problems in export markets.

C. Technical assistance:

(i) Need for technical assistance

(ii) New information/communication technologies

CHECK-LIST

A. Trade Policy

(a) What are the sectors that you believe have unexploited or underexploited export potential?

(b) Could you please define your country's perspective of the reasons for any changes in the structure and direction of exports and imports?

(c) What have been the objectives of trade policy in the most recent period, compared to, say, two decades ago?

(d) What are the Ministries in charge of trade policy matters, including formulation, implementation, enforcement and monitoring? How is coordination made? What are the respective roles of the relevant Ministries (give particular attention to tariff policies and other policies directly affecting exports and imports of goods and services)?

(e) How are the private sector and academic institutions associated with the formulation and conduct of trade policy?

(f) What are the institutions in your country that can play a role in implementation of a trade-related project at the local level? State their respective roles.

(g) What are the main laws and regulations dealing with trade policy - on exports and imports? Please provide a short description of each.

(h) What are the main instruments of trade policy - on exports and imports? Please elaborate (e.g. on import restrictions, the questions might be: on what products are there any import bans; on what products are there quantitative import restrictions; licensing requirements, etc.; what is the highest tariff rate currently in use; are there any excise taxes, other "domestic" taxes that are applied differentially to imported goods, or to goods of a type that are principally imported?).

(i) In case you are a WTO Member or are in the process of acceding, how is your country preparing itself to comply with the WTO Agreements?

(j) What is the state of familiarity with the WTO framework:

- among government and government-related agencies?
- in the private sector?

(k) What are your technical assistance requirements with regard to your compliance with the WTO Agreements?

(l) In which specific areas of the WTO Agreements do you have technical assistance needs (e.g. market access, agriculture, rules (anti-dumping, subsidies, import licensing, rules of origin, safeguards etc.), TBT and SPS, Services, TRIPs)?

(m) What is your assessment of your existing trade analysis and negotiating capacities, both multilateral and bilateral, in areas already covered by the WTO Agreements and other trade-related areas, e.g. competition policy and trade and environment?

B. Obstacles to Trade Expansion

Obstacles to trade encompassing problems in export markets, infrastructure, human capacities, institutional bottlenecks, trade financing problems and gaps in trade information can inhibit a least-developed country from taking full advantage of trading opportunities.

Supply constraints, including institutional bottlenecks

(a) What are the main bottlenecks inhibiting the development of sustained *export* capacity of goods and services (e.g. customs facilitation, freight charges, quality management, elimination of cumbersome legal and administrative procedures, paucity of human skills, access at international prices to imported inputs, or inadequate telecommunication, port and transport facilities etc.) ?

- Land-locked countries may face additional problems, such as having to ship using costly or unreliable transport and ports systems. In case this applies to your country, please indicate such problems. What kind of technical assistance would help you work out these problems?

(b) Are there any *institutional* bottlenecks, which may impede the efficient conduct of your country's trade policies? Provide details. For example, what are the problems perceived by the different actors, e.g. exporters, producers, service providers (banks, insurance companies, quality control, transporters etc), professional associations and Ministries? Are problems mainly perceived in the area of:

- (i) human resources
- (ii) management of the institution
- (iii) financial and material resources
- (iv) communication

(c) What are the main bottlenecks to *export diversification*?

(d) If *investment* in the production of goods and services is inadequate, what are the main reasons ? Please elaborate them (e.g. structural constraints, difficulties in attracting foreign investment, limited enterprise development, financing, lack of appropriate technology, etc)

(e) Is there a national policy to encourage export-related investment opportunities? Please elaborate. What arrangements are in place for reviewing, drafting and negotiating contractual arrangements with foreign investors?

(f) What are the main obstacles to the transfer, development and acquisition of technology? Is there any national policy/strategy in this area? Please elaborate.

(g) What are your technical assistance or other assistance needs with respect to supply constraints.

Trade Promotion and Trade Support Services

Trade promotion comprises an integrated set of technical and financial services to enhance the global competitiveness of *enterprises* and thus facilitate their entry and increasing participation in international trade.

(h) Do your enterprises, especially small and medium enterprises, experience difficulties in expanding their exports? What are these problems in the major export sectors?

(i) What are the problems for your enterprises in obtaining reliable and up-to-date information on export/import business opportunities?

(j) Can your enterprises offer products of internationally acceptable design, quality and packaging to foreign buyers? If not, what are the problems?

(k) What problems, other than in terms of trade policy, do you anticipate in developing the export of services (e.g. computer software, tourism)?

(l) What are the technical/professional problems encountered by trade support institutions (e.g. trade promotion council, chamber of commerce, exporters association, etc) in your country in providing their services to export/import enterprises?

(m) What problems and deficiencies are experienced by enterprises in their international purchasing and inventory management?

(n) What are the present availability and arrangements for trade finance facilities (e.g. export credit guarantees, etc)? Are there any perceived deficiencies in this area?

(o) What are the main problems in the way of improving export/import management skills of your business enterprises? Do you have training programmes in the country? What are the deficiencies?

(p) Does your trade representation service actively promote your trade? What are the weaknesses?

(q) Briefly describe your technical assistance needs in the area of trade promotion and support services.

Market access

- (r) What are your main market access problems?
- (s) What specific problems or barriers, and in which countries, are most troublesome for your exporters?
- (t) Regional and sub-regional trading arrangements (RTAs): please list RTAs to which your country belongs. Are you satisfied with the performance with these RTAs? Please state the problems of each. Do you have suggestions on how to solve these?
- (u) Are there any problems in utilizing the existing market access preferences, such as GSP, GSTP? Please state the nature of problems relating to each of these.
- (v) What are your technical assistance needs with respect to market access?

C. Technical Assistance

Technical assistance is normally provided to developing and least-developed countries to build or enhance their human resources and institutional capacities, provide trade information and trade-related legal support, as well as improve their supply capabilities in order to make them more active players in the field of multilateral trade.

- (a) To the extent this kind of information is easily available, could you please briefly describe what trade-related assistance you have received over the past five years from bilateral and multilateral sources and what projects/programmes are presently under consideration in this area?
- (b) Please summarize your technical assistance needs as well as other needs as reflected in this check-list. Please rank them in terms of priority.
- (c) In the light of the information you have been able to provide so far in response to the questions in this check-list, what types of information are, in your view, still missing or could be improved upon? In order to assist you in providing this missing information, would you need technical assistance?
- (d) Does your country have the technological capacity and human resources to make use of the new information/ communication technology tools such as CD-Rom, the Internet etc.? What assistance would you need to enable your country to use these tools in the context of training and, more generally, in the context of trade development?

Note:

1. Needs assessment is a continuing process that can be energy and time consuming for the beneficiary country. It presupposes a detailed and extensive knowledge of the problems faced, of successful schemes and solutions adopted elsewhere, and of the availability of technical assistance. It involves circulating up-to-date information to interested parties, maintaining an inventory of trade-related technical assistance projects, and ensuring their coordination in the field. A permanent local advisor can assist an interested least-developed country in these tasks, which would be regarded by the agencies involved as a long-term, capacity-building measure at the country-level.

Source: <http://www.lids.org/intframe.htm>

**Appendix 19: Needs Assessment Checklist for Trade-Related Technical Assistance
within the WTO's TC Planning for 2001-2003**

NEEDS ASSESSMENT QUESTIONNAIRE

The objective of this questionnaire is to obtain a focused appreciation of your Government's technical cooperation requirements in WTO-related matters. It will serve as an indicative framework to assist in preparing the 2001-2003 Three-year Plan. Please use the following headings to specify the content of your technical cooperation requests.

CALENDAR YEAR 2001

I. IMPLEMENTATION ISSUES

Your

(a) SUBJECT

priorities¹

*Please identify the specific type of technical assistance required
e.g. adapting trade laws and regulations, submitting data to WTO
(notifications and Integrated Database, etc.)*

1. Notifications
2. Integrated Database
3. Other

(b) SPECIFIC OBJECTIVES

What are the specific objectives to be achieved for each subject specified above?

¹ Please indicate your priorities for the year 2001 by ranking them as follows: Priority 1, Priority 2, Priority 3, etc. across all four sections. There should be only one Priority 1 for 2001.

II. PARTICIPATION IN THE MULTILATERAL TRADING SYSTEM

Your

(a) SUBJECT

Please identify the specific area for which technical assistance is required.

Priorities¹

1. Negotiations
2. Dispute Settlement Courses
3. Other (e.g. using special and differential provisions etc.)
Please specify

(b) SPECIFIC OBJECTIVES

What are the specific objectives to be achieved for each subject specified above?

¹ Please indicate your priorities for the year 2001 by ranking them as follows: Priority 1, Priority 2, Priority 3, etc. across all four sections. There should be only one Priority 1 for 2001.

III. UNDERSTANDING OF WTO AGREEMENTS AND ACCESS TO INFORMATION ON WTO ISSUES

Your

(a) SUBJECT

Please identify the specific area concerned.

1. Specific WTO Agreements (e.g. Anti-dumping, Customs Valuation etc.)
2. WTO Reference Centres
3. Documentation
4. Other (*please specify*)

priorities¹

(b) SPECIFIC OBJECTIVES

What are the specific objectives to be achieved for each subject specified above?

¹ Please indicate your priorities for the year 2001 by ranking them as follows: Priority 1, Priority 2, Priority 3, etc. across all four sections. There should be only one Priority 1 for 2001.

IV. OTHER

Please add any request that could not be classified under the above headings and specify the objectives to be achieved

**Your
priorities¹**

CALENDAR YEAR 2002

If possible, identify in a general manner your requirements for technical assistance for 2002.

CALENDAR YEAR 2003

A general statement of an indicative nature would suffice.

¹ Please indicate your priorities for the year 2001 by ranking them as follows: Priority 1, Priority 2, Priority 3, etc. across all four sections. There should be only one Priority 1 for 2001.

Source : WTO: WTO Programme for Technical Cooperation, Three-Year Plan (2001-2003), Note by the Secretariat, WT/COMTD/W/79, WT/LDC/SWG/IF/7, Geneva, 24 October 2000

Appendix 20: Conclusions of the LDC III Conference on the Integrated Framework and Other Trade-Related Technical Cooperation

- (ee) Integrating trade and trade-related technical assistance in country-specific strategies;
- (ff) Implementing expeditiously and effectively the Integrated Framework for Trade-related Technical Assistance for LDCs, taking account of the pilot scheme;
- (gg) Encouraging new and additional contributions to the IF Trust Fund, as well as providing stable and predictable funding for the implementation of the Integrated Framework, including where appropriate considering an increase from the regular budgets of the core agencies, as well as through bilateral programmes;
- (hh) Continuing to implement existing programmes for coordinated trade-related technical assistance such as the JITAP by providing systematic and sustained assistance to the Programme and considering expanding it to cover other African LDCs;
- (ii) Providing technical and financial assistance to help LDCs create institutional and human capacities in production, processing and increasing domestic value-added, marketing and management know-how in the field of international trade.

Source : United Nations : General Assembly : Programme of Action for the Least Developed Countries, A/CONF.191/11, Brussels, 8 June 2001

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