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TRADE-RELATED TECHNICAL ASSISTANCE AND CAPACITY BUILDING

Communication from Canada, European Communities, Japan and the United States

At the request of Canada, European Communities, Japan and the United States, the document, attached herewith, is circulated to Members and Observers as an unrestricted document. The contributions in the attached document relate to agenda items in the General Council, the Committee on Trade and Development (CTD), the Sub-Committee on Least-Developed Countries (SCLDC), and the Integrated Framework Steering Committee (IFSC). They focus, *inter-alia*, on the issues as follows:

- (a) Mainstreaming trade into development plans and poverty reduction strategies;
- (b) Trade-related technical assistance and capacity-building;
- (c) The Integrated Framework for trade-related technical assistance for least-developed countries; and,
- (d) On-going specific trade-related technical assistance in areas such as accessions, customs valuation, standards, regulatory reform, trade facilitation, and trade and the environment.

A. INTRODUCTION

2. The Quad members have been at the forefront in efforts to strengthen developing countries' trade-related capacities to help them fulfill their WTO obligations and participate more fully in the global economy. This help has come both through international organizations and through Quad members' bilateral development programs. Taken as a whole, these efforts have been quite significant. Over the last decade, many development organizations have also modified their goals to reflect the importance of trade to growth and development. As a result, most bilateral and multilateral donors and recipient countries are in the process of mainstreaming trade into Poverty Reduction Strategies and other developmental programs.

3. The Quad members have made a special effort in the last few years to identify trade expansion as an important vehicle for development. One of the ways this effort has been manifested is through trade-related technical assistance (TRCB) projects within Quad development assistance activities. Quad members believe that TRCB has two aspects, as implied in the "G8 Communiqué Okinawa 2000" last year; capacity to implement trade rules and capacity to utilise improved market access. The former will be a type of capacity which will enable developing countries to better align their economic system to the global environment. The latter will enable them to better exploit the improved market access in their favor. It is important that both capacities be promoted in accordance with each country's individual needs and development stage including the state of their industry. Each Quad member has approached this activity differently. As a whole, the Quad has significantly expanded their TRCB efforts. Additionally, the Quad members have been instrumental in encouraging the inclusion of trade-related projects within the Poverty Reduction Strategy Papers (PRSPs) being produced within the programming of the International Monetary Fund and World Bank.

4. The efforts in international organizations take many forms. Very important are the encouragement and support for the Integrated Framework (IF) program managed through the WTO Secretariat in coordination with other five international agencies. Most noticeable has been the creation of a special Integrated Framework Trust Fund as a tool for revival of the IF. The IF review and the pilot project to bring it on track deserve particular attention. It is essential for LDCs, one of the few programs that covers LDCs only, and an essential tool for coordinated trade-related technical assistance. Contributions have also been made to the Global Trust Fund, which is a key instrument to support technical assistance directly related to supporting enhanced participation in the WTO system. Some Quad members have been instrumental in supporting the creation of an Advisory Center on WTO Law that will assist member developing countries and all LDCs utilize dispute settlement procedures to promote adherence to WTO trade liberalization provisions. Quad members have committed US\$11,750,000 to this Center so far. Last year saw major efforts to identify TRCB needs among APEC developing countries, followed by the identification of specific projects to fulfill those needs. Additional programs include support within the Inter American Development Bank and the Organization of American States for similar TRCB projects and projects that are part of the Cotonou Agreement. Very recently, Okinawa Workshop on TRCB was held in order to explore ways for "mainstreaming" TRCB in each country's development strategy by strengthening the collaboration among trade community and aid community. It is expected to show tangible development and visible outcomes including in relation to the IF pilot scheme, "agreement by agreement" approach for WTO Agreements such as Customs Valuation, SPS, TBT and TRIPs Agreements, and "country by country" approach such as the "Strategic APEC Plan" so that they can attract more public interest and further mobilize financial resources.

B. EFFORTS TO MAINSTREAM TRADE-RELATED CAPACITY BUILDING

1. The Integrated Framework (IF)

5. Originated in October 1997, the IF has endeavoured to identify the TRCB needs of LDCs and to devise programs to satisfy those needs in a demand-driven, coordinated manner. The IF is the first effort to combine the strength of six core international agencies, all of which have had something to do with trade matters and/or technical assistance matters. The IF had some early success in identifying areas within several LDCs where specific programs needed to be organized. This success resulted from special Roundtables in interested LDCs. Many of these Roundtables were funded by Quad countries. Later, the IF ran into difficulty owing to a lack of sufficient funding for TRCB projects, differing interpretations of what kinds of projects should be supported, problems of coordination, and others. In recent months, however, there has been a review of the IF. This has entailed the creation of a special Integrated Framework Trust Fund for TRCB pilot projects (to which Quad countries have already pledged US\$2.3 million.) Furthermore, several Quad members have promised to coordinate their bilateral technical assistance programs closely with the directions established under the IF. An important IF effort, strongly supported by the Quad members, are efforts to ensure better "mainstreaming" of trade development within overall national development strategies, especially within the context of national Poverty Reduction Strategy Papers (PRSPs).

2. WTO Agreement by Agreement Efforts

6. The WTO Agreements contains more than 20 legal instruments, a number of which require high level of expertise. Many developing countries have worked very hard to faithfully implement these agreements but often face difficulty for want of capacity, experience and expertise. To implement effective technical assistance for implementing such agreements, discussion is now going on in Geneva on the "agreement by agreement" approach by taking an example of the Customs Valuation Agreement. This approach is not confined to the Customs Valuation Agreements, but also other agreements such as the Intellectual Property Rights (TRIPs) Agreement.

3. Country by Country Approach

7. At the Okinawa Workshop, it was pointed out that "country by country," which has been already accepted as an established and one of the most effective aid methods, could be applicable for trade-related capacity building. To facilitate the capacity building and avoid duplication of assistance, coordination among donor countries and organizations needs to be strengthened, considering existing collaboration mechanism. For the reference, bilateral assistance taken by each Quad country will be attached.

8. In addition to "country by country" approach which have been taken by aid community, regional approach and south-south cooperation will be further explored in the area of trade-related capacity building.

4. Regional Capacity Building Efforts (in APEC)

9. The following APEC's effort is one of the successful examples of relevant regional initiatives.

10. Beginning as recently as 2000, APEC began a process of providing WTO-related TRCB assistance to interested members that are developing economies. In November 2000, APEC leaders endorsed the strategic APEC Plan for Capacity Building for the Implementation of WTO Agreements, which tailored capacity building programs for individual needs of nine economics, as a basis for concerted action to enhance capacity for full participation in the WTO. It is based on needs

assessment of those economies, driven by some developed members, including Canada, Japan and the United States of America. Those economies are now putting together specific project requests for approval by the appropriate APEC sub-fora, and it is expected that the first of these will begin to be funded by the middle of 2001. The funding is likely to come from APEC TILF Fund, bilateral APEC developed economies within their development assistance programs, and possibly in cooperation with relevant international organizations, such as the Asian Development Bank and the World Bank.

C. MEASURES TAKEN BY THE QUAD COUNTRIES

1. Canada

11. Between 1992 and mid-2000, Canada provided over C\$125 million in trade-related technical assistance (TRTA) and TRCB of which approximately C\$75 million has been extended to LDCs. These activities cover a wide range of areas, including:

(a) Policy formulation and implementation:

- Understanding of WTO rules and implementation of WTO agreements, including institutional and legal implications, especially in relation to WTO accession;
- Effective utilization by developing countries of the WTO dispute settlement mechanism - Canada is a founding member of the Advisory Centre on WTO Law with a contribution of \$1.5 million; capacity building for public policy analysis and development.

(b) Trade enhancement:

- Export development and trade facilitation through funding of the Trade Facilitation Office of Canada (TFOC); support for core activities of the International Trade Centre; small business development and entrepreneurial capacity building.

(c) Institutional capacity building:

- Development of independent economic analysis and promotion of dialogue among national governments, their civil society, and private sector; promotion of economic and administrative reform.

12. Canada's activities under its bilateral program of technical assistance to developing countries and LDCs are wide ranging – from explaining WTO agreements to developing public sector regulatory capacities and private sector ability to trade. Examples of just a few projects and programs include: support to Bangladesh in monitoring the impact of its WTO commitments; trade enhancement in Vietnam; and a trade negotiating project in Zimbabwe.

13. Canada's development agency, CIDA, is playing a key role in this initiative and is designing a multi-million dollar 5-year program. In addition, Canada will coordinate several other projects, such as training seminars on the GATS agreements on basic telecommunications and financial services.

14. In addition, TFOC provides trade and investment related technical assistance to Canadian importers, as well as foreign exporters, export agencies, and governments. TFOC services are provided free to registered exporters from over 120 developing countries that qualify for assistance from Canadian International Development Agency (CIDA).

15. Canada has been active in the design and development of the Integrated Framework and contributed U.S.\$700,000 to its roundtables. Canada has also recently announced a contribution of \$1 million to the IF Trust Fund, bringing the total Canadian contribution to the IF to just \$2 million.

2. European Union

16. The European Community and its Member States are among the largest contributors to international trade related assistance programs. Thus, the EC and Member States' contributions represent more than half the total bilateral contributions to the Trust Fund of the Integrated Framework; Member States contributions represent more than half of total contributions to the WTO Global Trust Fund; and EC and Member States contribution to UNCTAD trade related technical assistance is also important.

17. The EC and Member States have contributed € 2.3 million (US\$ 1.6 million) to the Integrated Framework Trust Fund¹. The EC Member States are key contributors to the WTO Global Trust Fund for technical assistance. EC Member States' pledges for 1999-2002 represent € 9.7 million (US\$ 8.5 million) of a total of € 12.2 million².

18. UNCTAD is a key provider of trade related technical assistance and capacity building. In 1999-2000, the Commission contributed a total of € 2 million (US\$ 1.7 million) to UNCTAD technical assistance. Member States are also main contributors to the Advisory Center for WTO Law and to other programs and organizations that provide trade related technical assistance to LDCs, such as the JITAP and the ITC Global Trust Fund.

19. In addition to contributions to multilateral programs, trade related technical assistance and capacity building is a core element of European Community development assistance. Thus, the Commission over the period from 1996 to 2000, provided € 710 million (US\$ 630 million) in support for trade related technical assistance. This comprises projects for trade policy and trade related regulation or trade development as one of the key objectives. The Commission also provides trade related capacity building in a broader sense, including for private sector development, productive and export capacity, and trade related support services. The development policies of the EC and Member States aim to be complementary, including in the field of trade related technical assistance, and most Member States provide significant financial and technical support for trade related technical assistance within their bilateral development programs.

20. Recent specific EC trade related technical assistance programs include:

- € 10 million program in support for integration of ACP countries into the multilateral trading system.
- €1.45 million for the establishment of an ACP office in Geneva.
- € 20 million Support Program for the negotiations of agreements under the Cotonou Agreement.

¹ Of these, the Commission contributed €200,000 (US\$ 180,000), and Member States contributed € 2.1 million, which breaks down as follows: Denmark €340,000 ; Finland € 170,000 ; Ireland € 340,000; Netherlands €340,000; Sweden €340,000 and United Kingdom €570,000 .

² The pledges distribute as follows: Denmark €1.7 million; Finland €1 million; France € 1 million; Germany € 2 million; Ireland €113,000; Luxembourg €70,000; Netherlands: €1.2 million; Spain €100,000; Sweden €1.6 million; United Kingdom €900,000.

3. Japan

21. Japan has expanded its bilateral TRCB considerably in recent years, primarily under the responsibility of Japan International Cooperation Agency (JICA). In the fiscal year 1999 JICA implemented 19 project-type technical cooperation projects, dispatched 78 experts and accepted 860 trainees, and in the fiscal year 2000 19 project-type technical cooperation projects, 130 experts and 741 trainees.

22. The main fields emphasized in these programs have been:

(a) Accession to the WTO

- Accepting trainees to support the WTO accession activities, and dispatching experts to hold seminars in relation to WTO accession or TBT agreement (Agreement on Technical Barriers to Trade) and so on.

(b) Implementation of WTO Agreements

- Promoting understanding of WTO rules through accepting trainees and dispatching experts in the fields such as taxation and customs administration, intellectual property rights, standards and conformance, in the smooth implementation of WTO Agreements. Focusing on human resources development, this type of TRTA includes training programs for government officials, and workshops or seminars to provide government official with knowledge of the agreements as well as the opportunity to share their experience in implementing the agreements.
- Building institutions related to the implementation of WTO Agreements through conducting project-type technical cooperation in the areas such as standards and conformance, intellectual property rights. This project-type technical cooperation includes projects for the modernization of the intellectual property offices, and institutional building projects for the formulation of a plan of an information system for the enhanced implementation of WTO obligations.

(c) Trade enhancement

- TRCB are also conducted in the following areas for ensuring trade enhancement; development of industrial policy, economic policy, etc., trade and investment promotion; upgrading of productivity; introduction of market economy ; promoting development of small and medium-sized enterprises; and business management.

23. Japan External Trade Organization (JETRO) has conducted various trade facilitation activities, such as promoting investment to developing countries, development of exporting industry in developing countries, and so on.

24. As a multilateral contribution, Japan has also contributed to WTO Trust Fund to hold two regional seminars for Asia developing countries on investment and competition, and has announced its contribution to the Integrated Framework Trust Fund (IFTF), which will amount to approximately US\$ 500,000, at the 3rd UN Conference on LDCs. Other contributions have been made to other relevant international organizations, such as WIPO, WCO, FAO, etc., for various trade-related activities on behalf of developing countries.

4. United States

25. The United States has made a major effort in the last few years to emphasize TRCB projects within its development assistance projects in the least-developed countries (LDCs). The value of the projects went from US\$20.9 million in fiscal year 1999 to US\$31.5 million in fiscal year 2000 and to US\$31.7 million in fiscal year 2001, for a total of US\$84.2 million over the three years. The largest allocations are for trade policy and reform, WTO accessions, legal and regulatory reform, technology and standards, trade facilitation, environment, and other WTO-related assistance.

26. The United States also maintains a technical assistance mechanism, the Africa Trade and Investment Policy (ATRIP) program which supports the goals of the African Growth and Opportunity Act (AGOA). ATRIP provides assistance to sub-Saharan African countries to encourage international trade and investment, develop local infrastructure, and improve participation in the multilateral trading system. In the last three years, ATRIP has extended \$75 million to projects in 31 African countries.

27. On May 14, 2001, the United States announced a \$1 million contribution to the WTO's Global Trust Fund for Technical Assistance to help developing countries meet their Uruguay Round commitments and participate more fully in the international trading system. This money will provide trade officials from developing nations with new technological tools as well as specialized seminars and workshops offered by WTO officials.

28. The United States recently furnished \$650,000 to the WTO to help sub-Saharan countries more fully participate in the multilateral trading system. The funds represent increased U.S. participation in the WTO's technical assistance programs and will be used for the WTO to conduct educational workshops on trade policy and WTO rules of countries in Africa. The money will underwrite the development of computer-based training modules on WTO Agreements and will be made available on CD-ROM and accessible on the Internet to ensure access by all WTO Members. The United States also provided \$640,000 to the World Bank for institution building for the development of sanitary and phytosanitary standards, and product standards in Africa.

28. The United States is providing considerable assistance to help the governments of least-developed country governments understand, comply with and assert their rights in the WTO. This includes organizing seminars and training on the TRIPS agreements, assistance to help countries implement the Customs Valuation Agreement, and projects to aid countries adjusting to the Sanitary and Phytosanitary Agreement, including compliance in export markets.

29. To support the Integrated Framework the United States has undertaken activities in Zambia to help mainstream trade into its development agenda and plans to provide \$500,000 to undertake similar efforts in Mali and Mozambique, where it already has trade capacity building activities. On the occasion of LDC III in May 2001, the United States recently announced a \$200,000 contribution to the IF Trust Fund.

USG WTO/GTF: www.ustr.gov/releases/2001/5-28.pdf
USG TRCB: www.usaid.gov/economic_growth/egad/usg-assist_survey/full-toc.htm
USG LDC TRCB: www.usaid.gov/economic_growth/trade-capacity-5-1-01.htm
