

# WORLD TRADE ORGANIZATION

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## Committee on Trade and Development

### REPORT OF THE DIRECTOR-GENERAL TO WTO MINISTERS ON THE HIGH-LEVEL MEETING ON INTEGRATED INITIATIVES FOR LEAST-DEVELOPED COUNTRIES' TRADE DEVELOPMENT

#### Note by the Secretariat

The High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development recommended that a full report on the outcome and follow-up of the Meeting and announcements of implementation of autonomous market access measures and commitments in favour of the least-developed countries be prepared by the Director-General and submitted to the WTO Ministerial Conference in May 1998.

The Director-General's Report, which will be issued as a WT/MIN(98)/- document, is attached for the information of delegations.

THE HIGH-LEVEL MEETING ON INTEGRATED INITIATIVES FOR  
LEAST-DEVELOPED COUNTRIES' TRADE DEVELOPMENT

Outcome and Follow-up

Report of the Director-General

Introduction

1. Pursuant to the mandate contained in the Singapore Ministerial Declaration<sup>1</sup>, the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development was held in the WTO on 27-28 October 1997. In a letter dated 10 December 1997, I transmitted the Report of the Meeting to all WTO Ministers. I am pleased to provide for the information of Ministers my report on the steps that have been taken since then to build on the results of the High-Level Meeting in support of the trade and trade-related activities of the least-developed countries.

2. Now that follow-up to the work initiated at the High-Level Meeting has become the priority, there are a number of issues arising out of the report that I would like to comment on.

3. The first concerns the programme of technical assistance and cooperation activities that is being undertaken within the Integrated Framework. The interest that is being shown by such a large number of the least-developed countries in participating in this exercise has been very encouraging, and I am convinced that by developing our partnership with them further we shall be able to make a meaningful contribution to deepening their integration into the multilateral trading system. I attach the highest importance to full and successful implementation of this much intensified area of activity in the WTO, and I have been assured of similar levels of support and commitment by the executive heads of the five other intergovernmental agencies that participated with the WTO in launching the endeavour at the High-Level Meeting: the IMF, ITC, UNCTAD, UNDP and the World Bank.

4. I wish to pay tribute to the excellent cooperation that has taken place among the staff of the six agencies involved. This laid the basis for the success of the High-Level Meeting, and it has continued since then in the preparation of additional integrated programmes of technical assistance for least-

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<sup>1</sup>Ministers stated in the Singapore Ministerial Declaration that:

"We remain concerned by the problems of the least-developed countries and have agreed to:

- a Plan of Action, including provision for taking positive measures, for example duty-free access, on an autonomous basis, aimed at improving their overall capacity to respond to the opportunities offered by the trading system;
- seek to give operational content to the Plan of Action, for example, by enhancing conditions for investment and providing predictable and favourable market access conditions for LLDCs' products, to foster the expansion and diversification of their exports to the markets of all developed countries; and in the case of relevant developing countries in the context of the Global System of Trade Preferences;
- organize a meeting with UNCTAD and the International Trade Centre as soon as possible in 1997, with the participation of aid agencies, multilateral financial institutions and least-developed countries to foster an integrated approach to assisting these countries in enhancing their trading opportunities."

developed countries that have requested them. To date, programmes have been agreed on with thirty-four least-developed countries and steps are being taken to implement and operationalize them, and where necessary to secure financing for them; five more are being prepared. It has been agreed among the six agencies that their cooperation will continue in an Inter-Agency Working Group, which will assume responsibility for managing the programme of activities that is called for under the Integrated Framework. This is a collaborative exercise in which all the agencies will continue to participate as full partners, and I shall ensure that the WTO Secretariat will continue to contribute not only its particular technical expertise to the endeavour but also the commitment and leadership that it has demonstrated in the process so far. To that end, I have decided to create in the Technical Cooperation and Training Division of the WTO Secretariat a professional post dedicated to the technical assistance needs of the least-developed countries, with primary responsibility for coordination of the WTO's contribution to the Integrated Framework.

5. It has been agreed also among the six agencies that a small administrative unit should be established, located in ITC, to handle the day-to-day work of and to service the meetings of the Inter-Agency Working Group. I wish to thank Mr. D. Bélisle, Executive Director of ITC, for having agreed to take on the responsibility of this unit. Details of the staffing of the administrative unit are currently under discussion between Mr. Ricupero, Mr. Bélisle and myself. Once we have agreed on a suitable formulation, we shall approach our respective governing bodies with a proposal on appropriate financial arrangements to staff the unit. I would like to express my hope that WTO Members will consider our proposal positively.

6. The introduction of the Integrated Framework has increased significantly the demands on the WTO to staff and finance the additional technical assistance activities which are being supplied to least-developed countries. At present, more than 80 per cent of the technical assistance activities of the WTO Secretariat is financed by extra-budgetary resources, through dedicated Trust Funds that have been established by a number of Members for this purpose. I wish to pay tribute to these Members, without whose generosity WTO technical assistance activities would have to be scaled back very considerably. I do not believe, however, that continuing this current financing arrangement is desirable or sustainable over the medium-term. Consultations are taking place in the WTO Committees on Trade and Development and on Budget, Finance and Administration to identify the best means of placing on a more sustainable basis the financing of WTO technical assistance, including technical assistance delivered by the WTO under the Integrated Framework for least-developed countries. I would like to express my hope that WTO Members will consider the proposals that derive from these consultations positively. Without a strong commitment by WTO Members to finance in the budget the growing needs of technical assistance in an appropriate way, the essential objective of implementation of commitments made in the Uruguay Round, especially by the developing and least-developed countries, could be in serious jeopardy.

7. The next issue to which I would like to draw Ministers' attention is the objective of securing improved market access for products of particular export interest to least-developed countries, which was included in the Uruguay Round Decision on Measures in Favour of Least-Developed Countries and the WTO Plan of Action for the Least-Developed Countries that was adopted in December 1996 at the Singapore Ministerial Conference. In July 1997, I wrote to all WTO Ministers urging them to present the results of their reflections on this issue at the High-Level Meeting in October 1997. In my statement at that Meeting I made a point of drawing attention to the fact that the least-developed countries, collectively, account for only 0.4 per cent of total world exports, a figure which points both to the problem of marginalization of these countries in the world economy and to the insignificance of the competitive threat which it can be claimed they pose to established producer interests in most WTO Members. The response we received at the High-Level Meeting was not discouraging, but I continue to feel that much more can be done in this area. I congratulate those Members that announced formally at the High-Level Meeting their intention of improving on an autonomous basis market access

in favour of exports from least-developed countries, and I would like to encourage them to follow-up as soon as possible with notifications to the WTO of the specific measures they have taken in this regard. I would like also to renew my request to other WTO Members to review their position on this issue and to re-examine whether they too might be in a position to make a contribution. I firmly believe that the multilateral system will emerge strengthened from more widespread action in this regard. I believe it would be appropriate to consider, in the preparation of the third Ministerial Conference, including the objective of eliminating all tariff barriers in favour of the least-developed countries as a matter for implementing on a priority basis in the negotiations which will start in the year 2000. It would be important not just for all the advanced economies, but also for the most dynamic developing countries, to subscribe to this objective and to the principle of binding the liberalization under the WTO.

8. Finally, I wish to stress the importance I attach to the activities which the WTO is undertaking to bring the benefits of modern information technology to the least-developed countries. The global economy has entered a new age in which information and information technology are no longer luxuries that only the wealthy can aspire to have at their fingertips, but key factors of production for all WTO Members. We are living through a period in which the benefits of universal dissemination of a new technology have never been so great, but equally so the costs of exclusion. Participating in the "information age" offers the least-developed countries an extremely important opportunity to participate in a more informed way, on a more active and cost effective basis, and with a greater sense of inclusion in the activities of the WTO, through their access to WTO databases, to the WTO Secretariat, and directly to other WTO Members. I have made a commitment to ensure that the ministries of trade of the least-developed countries, by the end of this year, are properly equipped to take advantage of this new opportunity, and that the WTO Secretariat is fully capable of responding to their needs in this area; a centralized e-mail help desk (referencecentre@wto.org) has been established in the WTO Secretariat to respond to requests from least-developed countries. I urge all other WTO Members to follow suit, and lend assistance to ensure that the least-developed countries benefit fully from this exciting new technological revolution, and are not left on the fringes of it.

9. It is my pleasure to present below full details on the outcome and the follow-up to the High-Level Meeting for the Least-Developed Countries.

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#### Outcome of the High-Level Meeting

10. The Report of the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development is contained in document WT/LDC/HL/23. Notes on the proceedings of the High-Level Meeting are contained in documents WT/LDC/HL/M/1 and Add.1.

#### The Integrated Framework for Trade-Related Technical Assistance

11. The High-Level Meeting endorsed the *Integrated Framework for Trade-Related Technical Assistance, Including for Human and Institutional Capacity-Building, to support Least-Developed Countries in Their Trade and Trade-Related Activities* (WT/LDC/HL/1/Rev.1). The Chairman of the Meeting, Minister Jan Pronk of the Netherlands, suggested the High-Level Meeting recommend that the five other intergovernmental agencies involved with the WTO in the Integrated Framework (IMF, ITC, UNCTAD, UNDP and the World Bank) seek approval for their participation and contribution in the Integrated Framework from their respective governing bodies according to their respective procedures and mandates. The following information has been supplied to the WTO in this regard. The Executive Board of UNDP/UNFPA endorsed the Integrated Framework at its session held from

19-26 January 1998. The Trade and Development Board of UNCTAD endorsed the Integrated Framework at its session on 16 February 1998. ITC's participation in the programme is ensured *ipso facto* since it is a joint subsidiary organ of WTO and the UN, the latter acting through UNCTAD. Staff of the IMF and the World Bank have informed their respective Executive Boards of the results of the High-Level Meeting and of their intention to participate in the application of the Integrated Framework. The staff of the World Bank provided a technical briefing on the Integrated Framework for its Executive Board on 23 March 1998. The Executive Board has scheduled a discussion on the Integrated Framework for 5 May, at which it will consider the question of formal endorsement of the Bank's participation in it.

12. So far, thirty-nine least-developed countries are participating in the exercise that is being carried out under the Integrated Framework. They are: Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Ethiopia, the Gambia, Guinea, Guinea Bissau, Haiti, Laos, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao-Tome and Principe, Solomon Islands, Sudan, Tanzania, Togo, Uganda, Vanuatu and Zambia.

13. The first stage of the Integrated Framework involves the preparation by each least-developed country of an assessment of its needs in the area of trade-related technical assistance. Upon request, the six intergovernmental agencies involved assist least-developed countries to prepare their needs assessments. WTO staff have participated in eight such missions, several of them jointly with staff of the other agencies. Upon submission of a completed needs assessment, the six agencies cooperate in the preparation of a provisional programme of trade-related technical assistance that responds to the needs identified. This is discussed and agreed on with the least-developed country concerned. To date, this exercise has been completed for thirty-four of the least-developed countries listed above. The results have been published in the document series WT/COM/IF/-. The next inter-agency meeting to review the needs assessments submitted by least-developed countries for which the exercise has not yet been completed will take place in June at UNDP headquarters in New York.

14. By way of the implementation of the WTO Secretariat's commitments under this stage of the Integrated Framework, a three-week Trade Policy Course for participants from English-speaking least-developed countries is being conducted in Geneva; a similar course for French-speaking countries will be organized in Torino, Italy in September/October 1998. These courses are intended to familiarize participants with the WTO system and its rules and to train them in techniques of multilateral trade negotiations. Eight specialized regional seminars will also have been held, three of them undertaken jointly with the World Bank, focusing in depth on the WTO Agreements. Thirteen seminars/workshops in individual least-developed countries have or will have been undertaken during the first semester of 1998, four of them with the participation of the ITC and UNDP. In addition, several technical missions were held during this period, one on financial services and four to assist least-developed countries in fulfilling their implementation obligations under the WTO Agreements.

15. The next stage is to broaden the exercise so that least-developed countries can seek support that goes beyond what the six agencies can make available to meet their needs for trade-related technical assistance and cooperation. It involves each least-developed country, along with its multilateral, regional and bilateral development partners, reviewing its assessment of its needs for trade-related technical assistance and preparing a concrete programme of technical assistance to meet those needs. This exercise culminates in the least-developed country scheduling a trade-sector Roundtable meeting, typically in the context of a World Bank Consultative Group meeting or a UNDP Roundtable meeting. The Roundtable meeting will provide an opportunity for the least-developed country's development partners to endorse a multi-year programme of trade-related technical assistance activities, to designate

implementing/executing agencies, and to announce interest in financing and/or providing technical assistance and expertise to support elements of the programme. UNDP and the World Bank are well-suited to play a central role in assisting least-developed countries at this stage of the exercise, by virtue of their extensive experience in organizing Roundtable and Consultative Group Meetings and their resident missions in most of the least-developed countries. To date, seven least-developed countries have informed the agencies of their interest in scheduling trade-sector Roundtables under the Integrated Framework, and in some cases UNDP or the World Bank have been asked already to assist in their preparation.

16. In order to ensure successful implementation over the medium-term of activities carried out under the Integrated Framework, agreement has been reached to consolidate the existing coordination process among the six agencies into an Inter-Agency Working Group, comprising staff from each of the six agencies involved, designated by their agency as being responsible for the coordination of its contribution under the Integrated Framework. The Working Group will continue to meet regularly to maintain inter-agency collaboration, to assume responsibility for managing the programme of activities that is called for under the Integrated Framework, to carry out the evaluation of the operation of the Integrated Framework that is foreseen two years after its endorsement, and to identify and carry out any other work resulting from its operation. With the support of the other five agencies, the WTO Secretariat will continue to chair meetings of this Working Group. Based on the work of the Working Group, each of the six agencies will report, as appropriate, to its governing body on progress in implementing the Integrated Framework.

17. To date, all administration of the inter-agency coordination process has been carried out by the WTO Secretariat. To replace this *ad hoc* arrangement, a small administrative unit will be established, located in ITC, to handle the day-to-day work of and to service meetings of the Inter-Agency Working Group. Under the guidance of the Working Group, the administrative unit will undertake such tasks as the Inter-Agency Working Group may direct, in order to ensure that all activities and objectives reflected in the Integrated Framework are addressed effectively. The tasks involved will include for example, operating a database of trade-related technical assistance for least-developed countries and disseminating information on the implementation of the Integrated Framework.

18. A number of other intergovernmental organisations have expressed interest in working with the six core agencies and least-developed countries under the Integrated Framework, notably the Commonwealth Secretariat, the Common Fund for Commodities, the UN Economic Commission for Africa, the UN Economic and Social Commission for Asia and the Pacific, the Forum Secretariat, FAO, the Islamic Development Bank, UNIDO and the World Customs Organisation. Opportunities for closer collaboration with these organisations will arise in the preparation of the concrete programmes of trade-related technical assistance for individual least-developed countries.

#### Market Access

19. At the High-Level Meeting, WTO Members were invited to announce steps they would be taking on an autonomous basis to enhance market access for imports from least-developed countries, and to notify the details to the secretariats of WTO and UNCTAD as soon as possible. The statements made by delegations in response to this invitation are recorded in the Note on the Meeting (WT/LDC/HL/M/1).

20. Since the High-Level Meeting, the WTO Secretariat has received two communications. One is from the Government of Turkey stating that, pursuant to the announcement Turkey made at the High-Level Meeting, additional preferential tariff rates are being applied, effective 1 January 1998, to some

250 products at the 12-digit tariff line basis originating from least-developed countries (WT/COMTD/W/39). The second is from the Commission of the European Communities stating that, pursuant to the commitments the EC undertook at the High-Level Meeting, non-ACP least-developed countries are benefiting, as of 1 January 1998, from zero duties on a large number of industrial products that were previously excluded from the GSP scheme as well as from tariff reductions on agricultural products in line with ACP preferences that were also previously excluded from GSP (WT/COMTD/W/41). Ninety-nine per cent of least-developed countries' exports now enter the EU market duty-free.

#### Thematic Roundtable Recommendations

21. Following a request made by the Chairman of the High-Level Meeting, the Director-General conveyed the recommendations emanating from the two Thematic Roundtable discussions at the Meeting for consideration to the appropriate intergovernmental organisations as well as to the governments of the least-developed countries and their development and trading partners.

22. Two recommendations of the Thematic Roundtables related directly to the work of the WTO.

(a) Develop efforts to assist least-developed countries in the process of accession

Since the High-Level Meeting, Laos has requested accession to the WTO, bringing to five the number of least-developed countries currently in the process of accession (Cambodia, Nepal, Sudan and Vanuatu). In addition, the General Council has granted observer status to Ethiopia (October 1997) and Cap Verde (February 1998). It will examine a request for observer status from Bhutan at its April meeting. Bearing in mind that WTO accession involves a serious process of negotiation between the acceding country and WTO Members, efforts are being made to assist least-developed countries in the process of accession. The Secretariat has been taking initiatives, with the cooperation of WTO Members, to streamline the accession processes of these countries to the extent possible. One key objective is to ensure that the maximum amount of work is completed in between working party meetings so that the number of meetings is kept to an absolute minimum. To achieve this, it has been necessary to ensure that the documentation required is up to standard to enable agreement on terms of entry as soon as possible. Simultaneously, special attention has been given to expediting the bilateral market access negotiations through an early submission and negotiation of offers from these governments. On both these fronts, the Secretariat has been providing focused technical assistance to these countries from the earliest stages of their accession process.

Going beyond the specific needs of the accession process, the Secretariat is increasingly assisting these countries in areas such as helping draft WTO-related legislation and helping establish the trade policy infrastructure necessary to pursue their trade interests in the WTO after accession.

(b) Accommodate on a priority basis requests from least-developed countries for Trade Policy Reviews and assist least-developed countries in preparing for their Reviews

Under the Agreement on the Trade Policy Review Mechanism, least-developed countries are subject to review at intervals of six years or more. Trade Policy Reviews have been completed, or are underway in the 1998 review programme, for ten of the twenty-nine least-developed countries that are WTO Members: Bangladesh, Benin, Burkina Faso, Guinea, Lesotho, Mali, Solomon Islands, Togo, Uganda and Zambia. During 1998, the reviews of Burkina Faso and Mali, and of Guinea and Togo, will be grouped together in the meetings of the Trade Policy Review Body; the review of Lesotho was conducted in April 1998 together with other members of the Southern African Customs Union.

The Report of the Trade Policy Review Body for 1997 to the General Council noted that new requests for reviews by least-developed countries have already resulted from the High-Level Meeting and more are bound to follow.

WTO Information Technology for Development Projects in Least-Developed Countries

23. The Director-General informed the High-Level Meeting about the new information technologies that the WTO is exploiting in partnership with the World Bank, and made a commitment that the WTO would provide government officials in least-developed country WTO Members with computers, equipment and the know-how to access the information provided on the WTO Internet web-site before the end of 1998. This commitment was made in the context of the WTO Information Technology for Development Project, which aims to support the integration of least-developed and other developing countries into the multilateral trading system. Some of these activities are deployed in the capitals of the countries involved, where the WTO assists in the establishment and operation of WTO Reference Centres in trade ministries. Other activities are aimed at developing information about the WTO and the multilateral trading system that can be accessed by trade officials through the Internet and on CD-ROMs. The WTO has also put in place an e-mail ([referencecentre@wto.org](mailto:referencecentre@wto.org)) help desk that will channel and ensure responses to questions addressed to the WTO from least-developed country trade ministries. The use of this e-mail capacity is being introduced into training activities conducted by the Technical Cooperation and Training Division, including the inclusion of a module on submitting notifications via e-mail in the regular Notification Seminar being organized for the end of 1998.

24. These activities are being undertaken as part of the WTO's response to least-developed countries' needs assessments and are being carried out under the Integrated Framework for trade-related technical assistance. The programme began in 1997. By the end of April 1998, the WTO will have assisted in the establishment of WTO Reference Centres in twenty-two least-developed countries. The needs of all least-developed country WTO Members and Observers in this area will have been met by the end of 1998.

25. The Information Technologies for Development Project (ITD) is a companion initiative which is focused on developing trade information and training resources which can be accessed by least-developed country WTO Members via the Internet and on other electronic platforms, including CD-ROMs and diskettes. The ITD project is being carried out jointly by the WTO and the World Bank's Economic Development Institute.

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