
**Sub-Committee on Least-Developed Countries
Thirty-Seventh Session**

NOTE ON THE MEETING OF 7 JUNE 2004

Chairperson: Ambassador Ian de Jong (Netherlands)

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A. ADOPTION OF THE AGENDA

1. The Chairman formally welcomed Nepal as a full WTO Member. He hoped the Sub-Committee would be welcoming other LDCs as WTO Members in the near future.

2. The Sub-Committee adopted the proposed agenda contained in document WTO/AIR/2311.

B. WTO WORK PROGRAMME FOR LEAST-DEVELOPED COUNTRIES (LDCs)

3. The Chairman said that he intended to build on past work and to focus attention on three important elements of the Work Programme, namely: accession of LDCs; market access for LDCs; and trade-related technical assistance and capacity-building initiatives for LDCs.

(i) *Accession of LDCs*

4. The Chairman said that in line with the Doha Ministerial Declaration, the LDC Work Programme and the subsequent adoption of the Guidelines on Accession for LDCs, Members had continued to attach priority to the accession of LDCs. At the 36th Session of the Sub-Committee on Least-Developed Countries, the Secretariat was requested to prepare a note on "Technical Assistance for Accessing LDCs". He invited the Secretariat to introduce the document to the Sub-Committee.

5. The representative of the Secretariat said that eight LDCs were in the process of accession, namely Bhutan, Cape Verde, Ethiopia, Lao PDR, Samoa, Sudan, Vanuatu and Yemen. These countries were faced with the challenging task of putting into place the WTO-related legal and enforcement structure. Technical assistance was, therefore, of critical importance. He said that the Secretariat note contained in document WT/COMTD/LDC/W/32, provided a brief overview of the type of technical assistance required to assist LDCs in their accession process. It also included a non-exhaustive summary of the type of technical assistance offered by the WTO Secretariat, by WTO

Members and other international organizations. He said the section on the assistance offered by the WTO Secretariat showed there had been a significant increase in the number of technical assistance activities for acceding LDCs since the launch of the Doha Development Agenda. The increase was in response to paragraph 42 of the Doha Ministerial Declaration which instructed the Secretariat to reflect the priority of LDCs' accession in the annual technical assistance plans. The Secretariat note also recognized that the WTO could not, on its own, meet all the challenges facing acceding LDCs. In that regard, mention was made of the Integrated Framework (IF) and the need for the Diagnostic Trade Integration Study (DTIS) of an acceding LDC to have a strong accession component that would include an in-depth assessment of institutional and legislative needs related to the accession process. He continued by saying that apart from the IF, a number of organizations individually provided technical assistance to acceding LDCs. He emphasised that the information contained in the section on country-specific technical assistance was not exhaustive and was based largely on the WTO/OECD database.

6. The representative of Canada welcomed the Secretariat note. The note was useful and showed that coherence and co-ordination amongst international organizations was increasing. She said country ownership and effective co-ordination amongst Ministries in government, between the governments and the private sectors, as well as between recipient governments and the donor agencies were important.

7. The representative of Nepal thanked the Chairman for having welcomed Nepal as a new Member. He said his delegation was aware that LDCs were the weakest members of the global community. LDCs were characterised by poor infrastructure and low level of economic development and had not been able to fully reap the benefits of globalization. The increased marginalization of the LDCs in the process of globalization was a major concern to all. He said that there was an urgent need to help LDCs integrate into the multilateral trading system. The Sub-Committee on LDCs could be instrumental in providing LDCs with a level playing field in international trade by easing their accession to the WTO, by increasing market access opportunities for their products and by addressing their supply-side capacity-building needs. On accession, he believed the Secretariat note underscored the increasing need and importance of technical assistance for LDCs and provided a summary on the state-of-play of acceding countries. Nepal, a recently acceded country, supported the view that the accession process for LDCs should be simple, less onerous and cost-effective. His delegation was pleased to see in the note that a number of countries were expected to complete the process towards the end of the year. He hoped that the guidelines adopted by the General Council would be fully adhered to in order to accelerate the accession process. He emphasised the need for enhanced and focused technical assistance in the post-accession period for countries like Nepal and Cambodia so as to enable them to fulfil their accession commitments. As a newly acceded LDC, Nepal looked forward to having substantial assistance from Member countries and international organizations in order to duly fulfil its commitments as well as to maintain sustained capacity for dealing with future implications of commitments undertaken. He said that market access was another area where LDCs needed assistance. His delegation was thankful to the recent Australian and Canadian initiatives which provided duty-free and quota-free access for products of LDCs. In order to ensure sustainability and predictability, his delegation continued to look forward to having binding arrangements for duty-free and quota-free market access for all products of LDCs from Member countries. This would provide a solid basis for the exports of LDCs. He said that no country could survive and prosper without building supply-side capacity in a sustainable way. His delegation appreciated the detailed analysis by the Secretariat in its note on Assistance to Address Supply-Side Constraints which had reviewed a number of related issues. Addressing supply-side constraints was important in order for LDCs to make use of market access initiatives. He thought that the removal of the supply-side bottlenecks was the key to the meaningful integration of the LDCs into the global economy. The issue of supply-side constraints should be addressed within a comprehensive framework and it deserved a sustained focus by the international community. There was an urgent need for the international community to generate an enhanced level of resources through advocacy and coherence so that programmes addressing supply-side constraints could be implemented. The

WTO, as a primary organization dealing with the comprehensive aspects of trade, could and should play an important role in helping the LDCs to develop their supply-side capacities. He thanked the WTO Secretariat for the technical assistance received which had focused on seminars to train officials. He said that at the bilateral level, Nepal's continuous requests for specific technical assistance in some technical areas like SPS, TBT, and Customs Valuation, had yet to materialize. On the Integrated Framework, Nepal had completed the DTIS in 2003 and was in the process of implementing Window II projects. He said that it would be difficult for Nepal to fulfil all its commitment without having substantial technical assistance. The nature of technical assistance received so far was generally limited to training and consultancy. He said that Nepal needed technical assistance in trade-related support services and requested Members and international agencies to consider Nepal's difficulties in the context of their accession commitments.

8. The representative of Djibouti welcomed Nepal as a full Member of WTO. He emphasised the importance of co-ordination in the delivery of technical assistance for acceding LDCs and said that the WTO could not, on its own, meet the challenges facing acceding LDCs. He encouraged the Secretariat to co-ordinate with the other IF agencies such as UNCTAD, to facilitate the accession of LDCs.

9. The representative of the European Communities welcomed the presence of Nepal as a full Member. The Secretariat's note was useful and his delegation shared much of the analysis and points made in it. His delegation agreed with the point made in the note that acceding governments have the primary role of establishing their priorities and needs in respect of the technical assistance required from the international community and the WTO. The IF was one vehicle for supporting the accession process through the mainstreaming of trade in the national development strategies. The IF had made an important contribution to the accession process of Cambodia and Nepal. He suggested that Cambodia and Nepal could be used as informal case-studies for other countries that were still in the process of accession. He agreed with the Secretariat that the survey of technical assistance activities contained in the note was not exhaustive as it was based on the database which was at times outdated. There were a number of activities mentioned which were associated with either the European Communities or individual member states. He said that although there were a number of other recent activities which had not yet been reflected in the database, the Secretariat note did not need to be comprehensive by providing a full list of all the activities.

10. The representative of Benin congratulated the delegation of Nepal on its accession and thanked the Secretariat of the WTO and bilateral and multilateral partners for helping the LDCs in their efforts to become better involved in world trade. He said that the technical assistance activities provided to acceding LDCs were important in terms of understanding the rules and principles of the WTO. He encouraged the WTO Secretariat and bilateral and multilateral partners to continue to assist the LDCs. The Secretariat and bilateral and multilateral partners should continue to assist LDCs that did not have representation in Geneva. He underscored the importance of evaluating the progress made in each acceding country and to identify any shortcomings.

11. The representative of the United States welcomed Nepal as a full Member. She said the Secretariat note provided an overview of the technical assistance activities for acceding LDCs and that it might be useful to have regular updates on the note. She agreed with the representative of the European Communities on the need to learn from the experiences of Cambodia and Nepal. She said the United States had significantly increased its assistance to acceding LDCs and had established an aid project focused on WTO accession. Cape Verde was the first country to benefit from the new project and a resident adviser had been appointed to work with the Government since February 2003. In the last two years, almost a million dollars worth of technical assistance had been spent on accession-related activities in Cape Verde, enabling Cape Verde to participate in and prepare for its accession process. She said the United States was also providing support to other LDCs such as Yemen and Ethiopia. The United States Agency for International Development (USAID) participated in a World Bank team assessment on capacity-building in April 2004 and was in the process of

planning specific trade capacity-building activities in consultation with the Government of Ethiopia. In the context of the need for assistance on the post-accession for LDCs, she said her delegation was committed to working with Nepal and other new LDC Members. She sought clarification from the representative of Nepal on what was meant by the term "trade-related support services".

12. The representative of the Secretariat, said the IF was addressing the issue of co-ordination in the delivery of technical assistance and explained that there were four LDCs in the accession process which were benefiting from the IF, namely Ethiopia, Lao PDR, Sudan and Yemen. The DTISs of these countries contain chapters on the accession process. He said that the IF was the main instrument for addressing the technical assistance needs of LDCs including those in the process of accession. He asked the representative of the European Communities to include in the WTO/OECD database their recent accession-related activities.

13. The representative of Djibouti said the IF was one instrument to help LDCs' integration into the international trading system and that work should be harmonized and co-ordinated among the six organizations which had different areas of competence. He reported that a meeting on co-ordination within the context of the IF had been held in Djibouti.

14. The Chairman said continued targeted technical assistance and capacity-building were important in order to assist LDCs in their accession process. It was necessary to continue to ensure that all technical assistance was well co-ordinated among acceding governments, Member countries and other organizations. Technical assistance for acceding LDCs would continue to be discussed in future sessions of the Sub-Committee.

15. The Chairman proposed that the Sub-Committee take note of the Secretariat document contained in WT/COMTD/LDC/W/32 and of the statements made.

16. It was so agreed.

(ii) *Market Access for LDCs*

17. The Chairman said several Members, on an autonomous basis, had accorded preferential market access to LDCs. Members had also notified new or modified measures affecting market access for LDCs. That was in line with paragraph 42 of the Doha Declaration, where Ministers committed themselves to the objective of "duty-free and quota-free access" for LDCs and agreed "to consider additional measures for progressive improvements in market access for LDCs." He said that at the 36th Session of the Sub-Committee, the Notification by Australia contained in WT/COMTD/N/18 was discussed and some Members had raised some questions. At that meeting, he had proposed that the representative of Australia respond in writing or at future meetings of the Sub-Committee.

18. The representative of Australia said she had intended to distribute answers to the questions posed by the representatives of Bangladesh, Nepal and Switzerland, but had received the document late. She had given a hard copy of the document to the delegations of Bangladesh, Nepal, Switzerland and the Secretariat and that she would forward the electronic copy of the document to the Secretariat for distribution to all Members of the Sub-Committee.

19. The Chairman recalled that Canada's notification in document WT/COMTD/N/15 had been discussed in previous sessions of the Sub-Committee. Canada had notified the Committee on Trade and Development of some changes to its notification as contained in document WT/COMTD/N/15/Add.2.

20. The representative of Canada said that the modification had two parts, one was the extension of the General Preferential Tariff (GPT) and Least-Developed Country Tariff (LDCT) scheme; the

other was on changes to the list of beneficiary countries for the GPT and the LDCT. Canada had extended the GPT and the LDCT for a further ten years, to 30 June 2014. She said that regarding the changes to the list of beneficiary countries, effective 30 May 2002, Senegal had been designated as a LDCT beneficiary country. Effective 24 July 2003, Mongolia had been designated as a GPT beneficiary country. She explained that Canada had withdrawn entitlement to the GPT scheme from the ten countries that had acceded to the European Union.

21. The representative of Switzerland said there had been some recent developments concerning his country's Generalised System of Preferences (GSP) in favour of LDCs. His delegation would notify Members of the changes to its notification contained in document WT/COMTD/N/7/Add.1.

22. The Chairman proposed that the Sub-Committee take note of the notifications by Australia and Canada and of the statements made. He also proposed that the record of the discussions on market access notifications be forwarded to the CTD in order to fulfil the Sub-Committee's duty of reporting back.

23. It was so agreed.

24. The Chairman said that as part of the LDC Work Programme, the Sub-Committee was to annually review market access improvements for LDCs undertaken by the Members including the identification of reported market access barriers and products in the markets of interest to LDCs. The annual reviews were based on factual studies by the Secretariat and the next market access study would be considered at the 38th Session of the Sub-Committee. He invited the Secretariat to provide an outline of the paper.

25. The representative of the Secretariat explained that the main reason for briefing Members on the next market access study was to request data. The previous studies were contained in WT/COMTD/LDC/W/28 and WT/COMTD/LDC/W/31. He said that the structure of the next study would remain the same with the first part of the study focusing on export performance of LDCs, including the types of products exported by LDCs. The study would also focus on preference utilisation and the Secretariat would seek certain data from Members. First, data on tariff preferences and especially data which take into account the latest improvements in market access. Second, there was a difference between the latest tariff data available in the IDB and recent improvements for market access. He asked Members to submit the data directly to the Secretariat, and also sought updated data from those developing countries which granted preferential market access to LDCs under the 1998 Waiver. The third type of data required was customs data which some preference granting countries had made publicly available. He explained that the Secretariat would meet with the LDC Group to also get their market access data.

26. The representative of Zambia said his delegation had found the last market access study useful. He said there was a need for some recommendations on how to effectively utilise the preferences rather than just identifying the problems. In order for LDCs to benefit from the preferences, it was important to bind market access, make the rules of origin flexible and address SPS measures.

27. The representative of Nepal said that his delegation was pleased that the representative of the United States had expressed her delegation's commitment to work with Nepal in the post-accession process. Nepal needed assistance in the areas of SPS and TBT.

28. The representative of Djibouti asked whether the Secretariat could make an assessment of the technical barriers and obstacles affecting the export of products from LDCs.

29. The representative of Canada, in response to the points raised by the representative of Zambia, said that it was not within the mandate of the Secretariat to speculate and hypothesise. The

information gathered by the Secretariat could be used as a basis for discussions among Members on issues such as those raised by the representative of Zambia.

30. The representative of the Secretariat said the three issues raised by Zambia, namely binding market access schemes, flexible rules of origin and addressing Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT), were important and had been mentioned in the previous market access studies. They were important in terms of determining the overall picture of market access. One important point which preceded the three issues was the actual extent of utilization of preferences. The intention of the study was to provide some information for debate on the extent of the utilization. He said there were some new data available online for a number of major markets and that it would provide a better picture of the extent of utilisation. The ability of LDCs to access the preferential rate differed amongst LDCs. The aim of the study was to provide the data and not to speculate on the reasons for the differences. The Secretariat's mandate was to provide a factual study.

31. The representative of the United States asked whether the Secretariat could look at whether preference giving countries required LDCs to request duty-free access. She said the United States' GSP programme required countries to request their needs in a particular form.

32. The representative of Djibouti asked the Secretariat about the nature of the obstacles LDCs face in exporting their products.

33. The representative of the Secretariat said the objective of the study was to identify barriers to market access and that the intention of the study was to identify the burdens and issues as mentioned by the representatives of Zambia and the United States.

(iii) Trade-related Technical Assistance for LDCs

34. The Chairman said that at the 36th Session of Sub-Committee, the Secretariat was requested to prepare a Note on Assistance to Address Supply-Side Constraints. The note, contained in document WT/COMTD/LDC/W/33, described some of the characteristics of LDCs' supply-side constraints and provided a factual analysis of how the WTO was working with other partner institutions to meet the challenge of addressing them.

35. The representative of the Secretariat said LDCs faced a number of constraints in participating in international trade. The issue of supply-side constraints was not new to the Committee and had already surfaced in a number of previous discussions. He said it was the first time that the Sub-Committee was taking up the issue under one single item. There was no common understanding as to what constituted supply-side constraints or those impediments affecting the capacity to produce and trade competitively. It was difficult to generalise discussion on supply-side constraints as each LDC confronted different situations. He continued by saying that most of the LDCs' supply-side needs went beyond the mandate of the WTO. However, the WTO did offer technical assistance, which usually focused on Agreement-specific issues. The WTO had also tried to respond to the LDCs' supply-side challenge through a number of co-operation arrangements with other institutions that had technical expertise and financial resources. The note listed several of the arrangements that could address the supply-side concerns of LDCs, including the coherence mandate, the Joint Integrated Technical Assistance Programme (JITAP) and the IF. In the Secretariat's view, co-ordination and cooperation with other regional and multilateral institutions, as well as with bilateral donors, was of utmost importance to help LDCs respond to supply-side challenges. The note had dedicated considerable space to the IF. As many had repeatedly stated, including LDC Trade Ministers at the meeting in Dakar, Senegal, the IF had the potential to enhance LDCs' supply-side capacities. The IF offered an instrument, the Diagnostic Trade Integration Study (DTIS), to identify LDCs' supply-side constraints. With its links to the national development plans and Poverty Reduction Strategy Papers (PRSPs), the IF also provided a platform to address those constraints with various parts of government and development partners.

36. The representative of Zambia said that as per the mandate of the WTO Secretariat, the note was factual, had good content and depth, and reflected the importance of addressing supply-side constraints in an effort to integrate the LDCs into the multilateral trading system. He explained that the WTO had a limited role to play but could assist mainly through cooperation with organizations that had the mandate and capacity to address supply-side constraints. The issue of supply-side was an important developmental issue and should be kept on the agenda of the next session of the Sub-Committee. Addressing supply-side constraints was linked to the market access opportunities that are part of the Doha Development Agenda. Since most LDCs do not have the supply capacity to take advantage of those opportunities, the distinction between the WTO mandate and its limitations on supply-side issues was important. The WTO had the capacity to address issues such as capacity-building for rule-making, compliance and enforcement, and market opening. Addressing other issues of supply-side constraints such as strategy formulation, product and market development, national capacity-building for business and for exports, export and product diversification and standards were the responsibility of the International Trade Centre (ITC). The Secretariat paper should have included a section on how ITC was addressing supply-side constraints. The ITC's role was key in addressing the supply-side issues and for that reason, it needed more funding to meet the growing needs of LDCs. He said that the 'hard' supply-side issues, sometimes also referred to as '*bricks and mortar*', included elements such as infrastructure, customs, technology, and finance issues, which were important for improved trade performance of LDCs. These areas mainly fell under the responsibility of organizations such as the World Bank, the Food and Agriculture Organization (FAO), and the United Nations Industrial Development Organization (UNIDO). It was, therefore, important for the WTO to strengthen its co-ordination of activities with such organizations. He noted that in terms of UNIDO and its cooperation with the WTO, particularly through the Memorandum of Understanding in which UNIDO would assist developing countries to respond to the Doha market access opportunities, more funding was needed to assist more LDCs than the few that were included in the first phase of implementation. In the context of addressing supply-side issues, there was a limit as to what the Secretariat could do. Much depended on the WTO Members. Some WTO Agreements might be important sources of addressing supply-side constraints such as Article 66.2 of TRIPS and Article IV of GATS. Implementation of such provisions, as well as other international commitments such as the UN LDC III Programme of Action and the UN Conference on Financing for Development, were important. He added that if market access was bound, rules of origin were flexible and SPS measures were addressed, it might be possible for developed countries to invest in LDCs and build their supply capacity. He continued by saying that in the context of the IF, implementation and follow-up to the post-DTIS phase had to be improved in order to contribute to supply-side capacity-building. He added that LDCs had to take the lead role in follow-up and implementation. Most LDC governments did not, however, have enough resources to respond to the supply-side challenges identified in the DTIS. It was also important to involve donors in the overall IF process.

37. The representative of Djibouti said that in order to have the capacity to trade a country needed good infrastructure such as port and communication facilities. Co-ordination with organizations that had the capacity and mandate to address supply-side constraints was important. It was also important that such organizations had the necessary funding.

38. The representative of Bangladesh said the Secretariat paper on supply-side constraints provided a good basis for further deliberation. LDCs had articulated that market access alone was not sufficient if there was no domestic capacity or appropriate infrastructure to produce goods. He agreed that the WTO's mandate was limited, but said it was not difficult for the WTO to deliver and that it should, therefore, not limit its focus on rule making, implementation and market opening through negotiations. As indicated in the Secretariat note, the WTO was committed to finding ways of addressing supply-side constraints facing LDCs. He said his delegation was aware of the IF's limitations, such as not being able to develop ports or build roads and bridges. The IF was an instrument for LDCs' greater participation in world trade and LDCs had in the previous year given examples of the types of projects that could be funded under Window II of the IF Trust Fund. There was scope for organizations, through the IF, to address supply-side constraints through modest

projects that did not involve building the infrastructure. There was also scope to improve the DTIS which focused more on the macroeconomic framework of LDCs and less on supply-side constraints. He continued by saying that his delegation was interested to hear from UNIDO and ITC, two organizations directly involved with addressing supply-side constraints.

39. The representative of Canada thought that supply-side constraints were vast and could be addressed through a number of ODA initiatives. Supply-side constraints could not be addressed only through the IF and trade. The majority of supply-side constraints had to be addressed through a country's development strategy. It was, therefore, important to ensure that trade was included in the development plans and strategies.

40. The representative of the United States said the Secretariat note was a good basis for discussing supply-side constraints and that there were a number of reasons affecting LDCs' integration into the world economy, including issues of governance. In addressing supply-side constraints, it was important to work closely with organizations such as ITC and UNIDO. She estimated that about 70 per cent of the United States' bilateral trade capacity-building activities focused on supply-side constraints. She emphasised the role of the IF and the need for trade to be included in the national development plans. Integrating a trade chapter in the poverty reduction strategy papers was key, especially as trade helps to generate economic growth.

41. The representative of the European Communities said the definition of supply-side constraints was broad and that the WTO, on its own, could only play a limited role. The note was useful as it focused on areas where the WTO was contributing, namely through partnerships with other agencies such as UNIDO and through joint initiatives such as the IF and JITAP. The European Communities was providing assistance based on the prioritised needs of beneficiary countries. It was important for countries to integrate trade-related activities within the broader and more comprehensive development programmes through the IF. He said capacity-building at the regional level was important and that the European Communities was undertaking a number of activities as a follow-up to the Cotonou Agreement. In the area of SPS and TBT, one of the recurring problems was the lack of testing capacity and laboratories. Exporting countries did not have the technical support to test and produce certificates. Capacity-building at the regional level, as well as increased south-south trade should be explored as market entry requirements may be less demanding than in the more developed markets.

42. The representative of Tanzania welcomed Nepal as a full Member of the WTO and recalled that LDC Ministers met in Dakar, Senegal on 4 and 5 May 2004. The Trade Ministers adopted the Dakar Declaration which covered, among other issues, the accession of LDCs, agriculture, market access, commodities, technical assistance and capacity-building. The Ministers were concerned that the LDCs' share of the world trade had continued to be low despite the existence of a number of market access schemes. LDCs were confronted with a number of problems and needs, in particular non-tariff barriers, SPS and TBT measures, rules of origin and the fluctuation of export commodity prices. LDCs had a number of requests in the context of IF and JITAP activities which aimed at addressing some of the supply-side constraints. Collaboration with agencies such as UNCTAD and ITC was important, but in addition to the collaboration with other agencies, Member states also had a role to play. He explained that LDCs had elaborated their concerns in the Dakar Declaration and that the Declaration should be taken into account and be reflected in the July Package of the WTO negotiations

43. The representative of India also welcomed Nepal as a full Member of WTO. He said the IF and JITAP programmes had common objectives and that the Secretariat should indicate whether there was co-ordination between the two programmes.

44. The representative of the Secretariat said there had been recommendations that in those countries that benefited from both JITAP and the IF, there should be co-ordination including having one focal point for both programmes.

45. The representative of UNIDO explained that the signing of a Memorandum of Understanding with the WTO aimed to enhance cooperation and to implement a joint technical cooperation programme. The programme's objective was to increase developing countries' exports by removing supply-side constraints, by developing conformity to technical requirements and by supporting integration into the multilateral trading system. Armenia, Bolivia, Cuba, Egypt, Jordan, Kenya, Ghana and two LDCs, Cambodia and Mauritania, had participated in the first phase of the programme. Seminars were held jointly with WTO in Cambodia, Cuba, Bolivia and Egypt during the first half of 2004 and others were being organized. UNIDO had for 35 years provided assistance to LDCs in their industrialisation effort. A key input in promoting industrialisation was assisting developing countries to develop their own capacities related to standardisation, metrology, testing, and quality control. In almost all LDCs, the standards, metrology and testing facilities had been either established or upgraded by UNIDO. He added that recent UNIDO activities in the trade-related technical assistance area were included in the WTO-OECD publication on trade-related technical assistance. UNIDO was implementing two projects funded by NORAD and benefiting Cambodia and Lao PDR. In the South Asia region, a similar NORAD funded UNIDO implemented project was providing assistance to Nepal, Bhutan, Bangladesh and the Maldives. UNIDO was also concluding a project with the European Union for a Quality Support programme for Bangladesh and also an initiative in Nepal, both planned to be approved later in 2004. Developing countries, particularly the LDCs were facing constraints in complying with the Agreements on TBT/SPS. In Cambodia, UNIDO, with funding from Austria, was providing assistance in the TBT area. He said the UNIDO/UEMOA programme launched in 2001 for the establishment of a system for accreditation, standardization and quality promotion was under way. The objective was to facilitate the participation and access of the UEMOA countries in regional and international trade. The beneficiaries of the project were Burkina Faso, Benin, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. The project was financed by the European Union and would be completed by the end of 2005. National capacity-building in all technical areas covered by the programme was progressing. Technical assistance was being delivered for achieving the accreditation of analytical laboratories and accreditation was expected by the end of 2004 or early 2005. Work was progressing in relation to the ISO 9000 certification of around 60 enterprises and a number of experts had been trained. Progress had been made in the development of the structures required for achieving effective regional cooperation in the areas of quality. Procedures for the establishment of three permanent regional structures within the UEMOA Commission had been approved. These were the UEMOA Accreditation Secretariat, the Standardization, Certification and Quality Promotion Secretariat and the Metrology Secretariat. In addition, UNIDO was assisting the eight UEMOA countries to establish a common standardization programme and a common legal framework for the protection of consumers. He continued by saying that as agreed with UEMOA, the EU and UNIDO, an assistance project had begun for improving the quality of cotton fibre. UNIDO had developed a pilot programme for industrial restructuring and the upgrading of some industrial sectors of the UEMOA countries. The objectives of the programme were to support the process of integration, supply capacity-building, growth and employment of industries and to facilitate market access in the context of trade liberalization.

46. He explained that with a financial contribution from Germany, ECOWAS and UNIDO had developed a programme for the seven non-UEMOA countries of ECOWAS, namely, Cape Verde, Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. In the case of Sierra Leone, UNIDO participated in the WTO-led inter-agency trade clinic. The components identified for UNIDO's assistance and included in UNIDO's integrated programme for Sierra Leone were strengthening the National Bureau of Standards and the country's conformity assessment system. Assistance was also provided with the fishery sector to overcome the EU fish ban. A traceability scheme to comply with the EU food safety directives was also considered. He said UNIDO had prepared a trade capacity-building programme in Yemen with emphasis on the development of productive capacities. The Government of Yemen had confirmed cost sharing for the establishment of a programme to upgrade the competitiveness of export-oriented enterprises. UNIDO was actively approaching other donors to finance that project. In continuation of the successful implementation of several joint

WTO/UNIDO seminars on the Agreement on Technical Barriers to Trade, the WTO and UNIDO in collaboration with the Ministry of Trade and Industries of the Maldives, would organize a national seminar on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures from 28 to 29 September 2004. At the seminar, the WTO would cover the topics related to the SPS Agreement, how to apply the transparency provisions and the dispute settlement mechanism in the WTO. UNIDO would address issues related to trade capacity-building as well as on the infrastructure requirements for SPS compliance. He said UNIDO had actively participated in the WTO Regional Workshop on cotton held in Cotonou from 23 to 24 March 2004. UNIDO had noted the importance given to the cotton issue at the Third LDC Trade Ministers Meeting in Dakar on 4 and 5 May 2004 and was committed to cooperating in the framework of the Sectoral Initiative on cotton. In that regard, UNIDO was in the process of developing a proposal in favour of cotton in African countries with a focus on trade and productive capacities. The objectives of the project would be to enhance cotton's contribution to the economy, employment and exports in African country producers. UNIDO was consulting with the WTO, UNCTAD and the ITC to cooperate in the project. In collaboration with UNCTAD, the WTO and the ITC, UNIDO had organized two seminars in Africa, which contributed to raising awareness for an integrated approach to trade capacity-building for LDCs. UNIDO provided training on TBT, SPS implications as well as trade facilitation. The seminars were held in Addis Ababa, Ethiopia in June 2003 for seven East African LDCs, and in Dakar, Senegal in October 2003 for 11 West African LDCs. He said UNIDO and the WTO cooperated in the programme for the South Asian Association of Regional Co-operation (SAARC) and the Government of Bangladesh had jointly organized a workshop on the Agreement on Technical Barriers to Trade in Dhaka in November 2003. Thirty high-level participants from Bangladesh, Bhutan, the Maldives and Nepal attended the Workshop. UNIDO believed that a number of strategic choices needed to be made in order to make trade-related interventions successful. Capacity-building and export development had to be addressed in synergy.

47. The representative of the World Bank said he recognized the role that supply-side constraints could play in hampering the capacity of LDCs to benefit from international trade. He said that most of the World Bank's operational work was geared towards overcoming supply-side constraints. On trade-related activities, the World Bank attached great importance to the IF. Activities identified in the DTIS which were geared towards addressing supply-side constraints could be integrated into World Bank country assistance strategies. The World Bank was supporting the implementation of the Standard and Trade Development Facility which served two objectives: the first, to co-ordinate the delivery of technical assistance; the second, to provide grants for pilot projects to build capacity in developing countries including LDCs. The World Bank was increasing its activities in the area of trade facilitation and trade logistics. A number of projects were being implemented focusing on customs reforms, port reforms, export developments, multi-mode transport initiatives, trade financing, product standards and other areas. He said the World Bank had expanded the number of staff working in the area of trade facilitation and trade logistics due to the increased demand for assistance.

48. The representative of the ITC said a number of supply-side capacity-building activities had been undertaken in the context of the IF. These included projects on agro processing for the Gambia, a project on the leather sector for Bangladesh and a project on export strategy for specific products for Uganda, Tanzania and Haiti. In Cambodia, the ITC was involved in activities focused on silk upgrading. Under Window II of the IF Trust Fund, the ITC would begin to implement a project on the export of peaches and mushrooms for Lesotho. The ITC saw the IF as a powerful instrument for assisting the LDCs in developing their products for exports. He said the identification of priority supply-side constraints through the DTIS and action matrixes should be followed by co-ordination amongst donors, transparency and implementation, and the LDCs being in the driving seat.

49. The Chairman said that the WTO's mandate was limited but that a number of LDCs had requested the WTO to co-ordinate efforts to address supply-side constraints. A number of delegations had pointed out that coherence and co-ordination of all activities and policies in the field were important. He proposed that the note on supply-side constraints should remain in the agenda of the

next Session of the Sub-Committee to enable the contribution of other Members, in particular LDCs, who were not present. He concluded the discussion by saying that addressing supply-side constraints remained a major challenge for all Members. He proposed that the Sub-Committee take note of the Secretariat note and of the statements made.

50. It was so agreed.

C. OTHER BUSINESS

51. The Chairman proposed that the 38th Session of the Sub-Committee be held at the end of October 2004.

52. The meeting was adjourned.
