

Sub-Committee on Least-Developed Countries

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

Report by the Director-General on Follow-up to the High-Level Meeting

I. INTRODUCTION

1. This report is an update to the information available to Ministers since the report at the Third WTO Ministerial Conference in Seattle.¹ It reports on the concrete follow-up actions and progress made pursuant to the results of the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development (the High-Level Meeting).

2. The High-Level Meeting, was convened to further the integration of the least-developed countries (LDCs) into the multilateral trading system.² This commitment was reaffirmed at the Third United Nations Conference on LDCs (LDC-III) in May 2001.

3. This report, focuses on five main areas: market access for least-developed countries, the Integrated Framework for Trade-related Technical Assistance (IF), LDCs accession to the WTO, WTO Trade Policy Reviews for LDCs, and WTO information technology for development projects.

II. MARKET ACCESS

4. As envisaged in the WTO Plan of Action for LDCs,³ adopted by Ministers in Singapore, securing preferential market access for LDCs, has been a matter of priority for WTO Members. Concrete and significant improvements in market access opportunities for LDCs were announced at and since the High Level Meeting. To date, 28 WTO Members, including developed, developing and transition economies, have on an autonomous basis, announced steps they have taken, or would be taking, to enhance market access for imports from LDCs.⁴

5. A mechanism for the reporting and notification of market access measures in favour of LDCs has also been established.⁵ Notifications of market access measures specifically in favour of LDCs,

¹ Previous reports by the Director-General to the WTO Ministerial Conferences in Seattle and Geneva are contained in documents WT/MIN(99)/7 of 19 November 1999, and WT/MIN(98)/2 of 28 April 1998.

² The High-Level Meeting was held at the WTO in Geneva on 27-28 October 1997. Notes on the Meeting are contained in documents WT/LDC/HL/M/1 and Add.1. The Report of the High-Level Meeting is contained in WT/LDC/HL/23.

³ The Comprehensive and Integrated WTO Plan of Action for LDCs (WT/MIN(96)/14).

⁴ Announcements have been made at and since the High Level Meeting by: Argentina, Australia, Bulgaria, Canada, Chile, Czech Republic, Egypt, European Communities, Hong Kong-China, Hungary, Iceland, India, Indonesia, Japan, Republic of Korea, Malaysia, Mauritius, Morocco, New Zealand, Norway, Poland, Singapore, Slovak Republic, Slovenia, Switzerland, Thailand, Turkey and United States.

⁵ Developing country Members grant preferences to products originating in LDCs under the draft "umbrella" waiver from GATT Article I that was adopted by the General Council on 15 June 1999 (WT/L/304).

made by WTO Members to the Committee on Trade and Development and Council for Trade in Goods, are transmitted to the Sub-Committee on Least-Developed Countries for substantive discussions and reporting back. Since the High-Level Meeting, a number of developed and developing Members have notified market access measures for LDCs.⁶

6. Based on notifications received, WTO Secretariat studies⁷ show that the unweighted applied tariff for LDCs has decreased from 10.6 per cent in 1997 to 6.9 percent presently. When aggregated together, at the HS six digit level, about 75 percent of LDC exports by value, are eligible to enter duty-free, either on an MFN basis (about 40 percent) or under Generalized System of Preferences, General System of Trade Preferences or LDC specific preference schemes.

7. While significant improvements in market access opportunities for LDCs have been reported, tariff escalation and tariff peaks, particularly in some product chains of interest to LDCs remain. The existence of non-tariff barriers have also impeded access and reduced the benefits derived by LDCs from the preferences accorded. Lastly, market access, is but one part of the picture. Supply-side constraints in many of these countries and the need for capacity building to enable LDCs to take advantage of the improvements in market access opportunities has also been stressed repeatedly. The Integrated Framework seeks to provide a framework in which such assistance can be provided.

III. THE INTEGRATED FRAMEWORK

8. The Integrated Framework for Trade-Related Technical Assistance (IF), was endorsed by the High Level Meeting. The six core Agencies in the IF are the IMF, ITC, UNCTAD, UNDP, World Bank and the WTO. Following a review of the IF completed in 2000, WTO Members in February 2001, adopted a revised and improved framework programme, applied on a Pilot Basis.⁸

9. There were several important considerations taken into account in the review of the IF, in particular, the funding, governance, coordination within and amongst agencies, LDCs and donors, and ensuring that trade integration is mainstreamed into the national development plans and poverty reduction strategies of the beneficiary countries. The improved governance structure that emerged from the IF review, led to the establishment of the IF Steering Committee (IFSC) under the Chairmanship of Ambassador Iversen of Denmark. This body is independent of the WTO and addresses the concern of the other IF agencies that mandates are being established which involve their agencies, with insufficient consultation and without their participation in decision making.

10. The report on the IF Pilot Scheme and its implementation is contained in the accompanying document (WT/IFSC/W/6) of the IFSC.

IV. ACCESSION TO THE WTO

11. The High-Level Meeting recommended that the WTO take steps to assist LDCs in the process of accession. Currently, there are nine LDCs engaged in the accession process under Article XII of the WTO Agreement. These are Bhutan, Cambodia, Cape Verde, Lao PDR, Nepal, Samoa, Sudan, Vanuatu and Yemen. Ethiopia and Sao Tome and Principe, are Observers to the WTO.⁹

Preferences to LDCs provided by other Members, under the Generalized System of Preferences are granted under the 1979 Enabling Clause (L/4903).

⁶ Notifications have been made by Canada, Egypt, European Communities, Japan, Mauritius, Morocco, Norway, New Zealand, Republic of Korea, Singapore, Switzerland, Turkey, and United States.

⁷ WT/LDC/SWG/IF/14/Rev.1 and Add.1. Recent improvements notified by Japan, Morocco and New Zealand have since come into effect improving the market access opportunities for LDCs still further.

⁸ WT/LDC/SWG/IF/13

⁹ Requests for observer status by Ethiopia (WT/L/229) and Sao Tome and Principe (WT/L/389) were granted by the General Council at its meetings in October 1997 (WT/GC/M/23) and February 2001

12. Vanuatu has now advanced to the final stages of its accession. The Working Party is expected to conclude its work shortly. Cambodia and Nepal, have also held the first meeting of their Working Parties. Progress has also been made in the "fact-finding" phase of the accession of Lao PDR, Samoa and Sudan who have all circulated their Memoranda on the Foreign Trade Regime. Further developments in the accession of LDCs are expected in 2002, though as in the case of all acceding countries, the pace is largely determined by the applicant and its negotiations with Members.

13. To assist acceding governments, in particular the least-developed among them, the importance of providing technical assistance at different stages of the accession process has been highlighted. The need for assistance ranges from help in the preparation of documentation and in the negotiation of the terms of accession to the setting up of adequate legislative and administrative infrastructures for effective participation in the WTO. The WTO Secretariat either individually or in collaboration with multilateral or bilateral agencies has been providing technical assistance, particularly in the area of developing basic WTO-related legislation, and the training of officials. The nine LDCs which are in the process of accession have been the focus of particular attention. Last year, representatives of these LDCs were among the participants in 25 regional and 6 national events organised by the WTO Secretariat. The capacity of the Secretariat to further increase the delivery of WTO accession-related technical assistance is at present limited by financial and human resource constraints.

14. Coordination of trade-related technical assistance has received attention, particularly in the context of the Integrated Framework that is currently being implemented on a Pilot Basis in three LDCs, including Cambodia, a country in the process of accession. In further extending the IF Pilot Scheme, due consideration would be given to the possibility of including among the potential beneficiaries, LDCs in the process of accession to the WTO.

V. TRADE POLICY REVIEWS

15. The High-Level Meeting also recommended that the WTO accommodate requests from LDCs for Trade Policy Reviews on a priority basis and assist LDCs in preparing for their reviews. The increased importance given to the reviews of LDCs has led to 11 such reviews since 1998.¹⁰ The programme of reviews for the year 2002, includes 4 LDCs, namely Haiti, Malawi, Mauritania, and Zambia. More Trade Policy Reviews could take place with additional funding.

16. WTO Members and the Secretariat have provided support to LDCs in preparing for their Trade Policy Reviews. In 2000, the Federal Republic of Germany announced its contribution of DM1 million over a four-year period to undertake reviews of developing and least-developed countries and to improve the Mechanism to better adapt it to the requirements of developing countries. In 2001, the German Trust Fund provided funding for the reports on Madagascar and Uganda and for related expenses in the preparation of the Mozambique review.¹¹

17. The Trade Policy Review Mechanism continues to meet its transparency goals. In addition, Trade Policy Reviews of LDCs have increasingly performed a technical assistance role. The reviews have enhanced understanding in these countries of the WTO Agreements and its relationship with the trade policy structure in place, enabling better compliance and integration in the multilateral trading system. In some instances, better interaction between government agencies has been facilitated by the reviews.

(WT/GC/M/63) respectively. Consideration of an application from Liberia for observer status (WT/L/357) was deferred by the General Council at its meeting in July 2000 (WT/GC/M/57).

¹⁰ WT/TPR/101. The 14 least-developed countries reviewed since the establishment of the Mechanism are: Bangladesh (twice), Benin, Burkina Faso, Guinea, Lesotho, Madagascar, Mali, Mozambique, Senegal, Solomon Islands, Tanzania, Togo, Uganda (twice), and Zambia.

¹¹ The Secretariat reports for the reviews of Madagascar, Mozambique and Uganda were prepared with the assistance of consultants, under the close supervision of Secretariat staff.

18. The reports' wide coverage has also enabled Members to identify specific areas where further technical assistance may be needed. A section on technical-assistance needs and priorities, as identified in co-operation with the Member concerned, has been included in the Secretariat Trade Policy Reports for LDCs. Since 2000, the preparation of reviews of LDCs responds more systematically to technical assistance needs with a view to feeding the findings into the Integrated Framework process. The review process for an LDC now includes a three-to-four-day seminar on the WTO, the trade-policy review exercise, and the role of trade in economic policy. In 2001, seminars have been held in the context of the review of Uganda, Haiti, Malawi and Mauritania.

VI. WTO INFORMATION TECHNOLOGY FOR DEVELOPMENT PROJECTS

19. The WTO has developed activities in favor of least-developed and developing countries that enables these countries to use information technology to access WTO information and training. Following the High-Level Meeting, the plan has as its main elements:

A. DEVELOPMENT OF WTO REFERENCE CENTRES

20. Since October 1997, the WTO has provided computer equipment, internet connections and training for the establishment of 104 computerised Reference Centres. Of these, 41 are in LDCs, 42 are in developing countries, and 21 are in regional and sub-regional organizations. Trade and Commerce Ministries in these countries are using the Reference Centres to access WTO information and training materials through the Internet and on CD-ROM. The WTO also provides technical support and advice to help the Reference Centres through a centralized Help Desk in Geneva. The Help Desk provides hardware and software support and coordinates responses with various WTO Divisions to ensure that the Reference Centres are on-line and up-to-date.

21. A pilot project has been initiated to provide a reliable internet connection to LDC reference centers. Internet access and e-mail service are being provided to these Reference Centers through SITA, a cooperative which provides internet services to airports around the world.

B. TRAINING ON THE USE OF INTERNET AND CD-ROM RESOURCES

22. Training is a priority for officials in LDCs and other developing countries. The WTO has sought to develop skills among officials in LDCs to make effective use of the Internet and CD-ROM training and information tools. About 3,000 trade officials in the relevant Ministries of LDCs and developing countries have received training from the WTO to access and use WTO on-line materials.

23. A series of computer-based training modules on CD-ROM are being developed in the official WTO languages. These consist of interactive training courses on the Agreement on Textiles and Clothing and on WTO information and training. New training modules are being developed and will cover the SPS Agreement and Developing Countries, the TRIPS Agreement and Developing Countries, and the GATS and Developing Countries.

24. A library of 15 CD-ROMs has been provided to each Reference Centre. This library gives access to trilingual versions of the complete results of the Uruguay Round, Trade Policy Reviews, BISD series and other invaluable reference and information tools for trade officials. Updated editions of the CD-ROMs are provided to WTO Reference Centers as they become available.

C. JOINT INTERNET SITE WITH THE WORLD BANK

25. The Trade and Development Centre web-site is being used to highlight WTO participation in major conferences and other activities aimed at enhancing the role of developing countries in the WTO. This specialized web-site continues to attract an average of 12,000 visitors per month.
