

# WORLD TRADE ORGANIZATION

RESTRICTED

WT/COMTD/LDC/M/11<sup>\*</sup>

27 May 1998

(98-2189)

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## Sub-Committee on Least-Developed Countries

### NOTE ON THE MEETING OF 23 APRIL 1998

Chair: Ambassador H.H. Bruun (Denmark)

A. Adoption of the Agenda

1. The Sub-Committee adopted the agenda as contained in document WTO/AIR/813.

B. Update by the Secretariat on the Report of the Director-General to WTO Ministers on the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development and announcements by delegations on follow-up action in terms of market access

2. The Chairman said that the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development had recommended that a full Report on the outcome of and follow-up to the Meeting be prepared by the Director-General and submitted to the WTO Ministerial Conference in 1998. That report, which would be issued as a WT/MIN(98)/- document, had been circulated in document WT/COMTD/W/40 for the information of delegations.<sup>1</sup>

3. The Secretariat said that, at the High-Level Meeting for Least-Developed Countries held in October of the previous year, the Director-General had been requested to prepare a report to the WTO Ministerial Meeting in May on the outcome and the follow-up to the High-Level Meeting in order to keep the momentum that had been generated by the High-Level Meeting and to not lose sight of its objectives. The Director-General had now prepared this report for submission to ministers and the text had been circulated to the Committee on Trade and Development for transparency reasons. The report was divided into two parts. First, an introduction by the Director-General. The length of the introduction reflected the importance he attached to the matter. Second, a more factual account was given of the follow-up actions taken after the High-Level Meeting: the follow-up given to the implementation of the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries and the follow-up to the announcements of increased market access. With regard to technical assistance, thirty-nine out of forty-eight least-developed countries had so far expressed an interest in participating in the exercise by submitting completed needs assessments. Thirty-four out of the thirty-nine needs-assessments had been received by the end of the previous year which had allowed the six agencies involved to review those needs-assessments and to draw up the agencies' Integrated Responses to them. The agencies had subsequently consulted with the 34 least-developed countries on those Integrated Responses and the needs assessments with the Integrated Responses had been circulated as official WTO documents in the WT/COMTD/IF/-series.

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<sup>\*</sup>This symbol WT/COMTD/LDC/- continues the series WT/COMTD/LLDC/- and no change in the numbering.

<sup>1</sup> Subsequently circulated as document WT/MIN(98)/2.

4. The report of the Director-General also mentioned the next steps of the process. In the second stage of the process, it was up to the least-developed countries, with the assistance of the agencies, to organize round-tables. So far, seven least-developed countries had expressed interest in organizing round-tables. The agencies had also received expressions of interest from a number of international organizations to participate in the second stage of the exercise. The six agencies were finalizing an arrangement for the management of the follow-up activities related to the Integrated Framework.

5. The second part of the report dealt with the other important agenda item of the High-Level Meeting, market access. A number of delegations had made announcements at the High-Level Meeting of measures to increase the market access for products originating in the least-developed countries. Delegations having taken such measures had been requested by the High-Level Meeting to notify those to the WTO and UNCTAD. Two such notifications had been received by the Secretariat covering sixteen WTO Members in all: Turkey and the European Communities.

6. With regard to the recommendations that had emanated from the thematic round-tables of the High-Level Meeting, the Director-General's report gave an account of the follow-up as far as the WTO was concerned. This included efforts to help least-developed countries in the process of accession to the WTO and to accommodate, on a priority basis, requests from least-developed countries for trade-policy reviews. Finally, the report explained what the WTO was doing in the area of information technology for development projects in least-developed countries.

7. The representative of Madagascar said that the report of the Director-General allowed delegations to evaluate WTO's follow-up efforts to the High-Level Meeting for Least-Developed Countries. The creation of a post of least-developed country coordinator in the Technical Cooperation and Training Division of the WTO Secretariat, the creation of a small administrative unit in the ITC, and the establishment of reference centres in more than twenty least-developed countries were important aspects of the technical assistance follow-up. The activities showed that the work of the Integrated Framework was under way. However, his delegation was concerned by the fact that the implementation had been slow in several respects. More than five months had elapsed since the High-Level Meeting and the WTO Secretariat had only received two communications indicating enhanced market access for least-developed country products. Several members had promised such measures at the High-Level Meeting. His delegation was also interested in information about the status of the consultations held in the Committees on Trade and Development and on Budget, Finance and Administration aimed at finding a way to ensure solid financing of technical assistance activities. He urged Members to follow-up those consultations and to come forward with constructive proposals. His delegation was of the view that the report of the Director-General should be amended to reflect proposals to that effect which would be received before the Ministerial Conference. His delegation hoped that the administrative unit to be placed in the ITC would soon be functional. The administrative unit was important as its primary task would be to ensure that the objectives of the Integrated Framework were efficiently realized.

8. The representative of Norway said that the results of the follow-up to the High-Level Meeting so far were encouraging and it was particularly encouraging to note the broad interest among least-developed countries to participate in the follow-up exercises. His delegation commended the importance all six agencies seemed to attach to the follow-up. The establishment of an inter-agency working group with the responsibility of managing the Integrated Framework and the setting up of a small administrative unit in the ITC would provide the agencies with useful tools to ensure efficiency and commitment to the follow-up work. His delegation shared the concern reflected in the report regarding the financing of technical assistance activities. As stated in the report, 80 per cent of the technical assistance activities of the WTO Secretariat were financed by extra-budgetary resources. Those resources had been made available to the Secretariat by a relatively limited group of Members. Technical assistance should be considered a core activity of the WTO's work and the financial burden should be shared by more Members. Extra-budgetary resources could not be relied upon on as a

permanent basis for those core activities. His delegation therefore supported the ongoing consultations to find a more just and sustainable way of financing technical assistance.

9. The representative of Bangladesh said that a major task of the Sub-Committee on Least-Developed Countries during the coming year would be to monitor the follow-up to the High-Level Meeting. The implementation by the six agencies of the different aspects of the Integrated Framework would also require continuous monitoring and evaluation by the Sub-Committee. He joined the representative of Madagascar in expressing his disappointment with the pace of the progress of work since the High-Level Meeting. Six months had passed since the High-Level Meeting and not much had been done in the areas of market access and technical assistance. The circulation of the report of the Director-General added to transparency. He welcomed the emphasis the Director-General placed on the importance of technical assistance in the third paragraph. Increased and quicker disbursed technical assistance was something the least-developed countries were interested in. He welcomed the creation of the post of least-developed country coordinator in the Technical Cooperation and Training Division as a good sign and his delegation hoped that technical assistance would flow more smoothly as a result.

10. As had been pointed out by others and as was clearly stated in the report, the financing arrangements for WTO's technical assistance were not satisfactory. The situation was critical. The Sub-Committee should take up the issue of appropriate financial arrangements for technical assistance in the longer and medium term as a priority area of work. His delegation had welcomed the Director-General's letter of July 1997 to all ministers stake-holders in the WTO, seeking increased market access for products of particular export interest to least-developed countries. His delegation was interested in having further discussions on this important issue with other delegations. The report mentioned that the Director-General hoped to achieve complete connectivity by Internet with all least-developed country Members and Observers' ministries of trade by the end of the year. He hoped that that schedule would be met. The least-developed countries were expected to organize round-tables in cooperation with the six agencies. His government was currently in touch with the UNDP and the World Bank offices in Dacca and planned to hold the round-table as soon as the other organizations were ready. In that context his delegation asked for increased technical assistance, not only in financial terms, but also in terms of management and guidance in organizing the round-table, particularly from WTO, UNCTAD and ITC. During the round-table, the government would present its need-assessment document to the donor community and hoped to receive pledges in definitive financial terms. He reiterated that even though six months had elapsed since the High-Level Meeting, only two Members had notified market access commitments. His delegation urged other delegations that had made commitments to notify them and those that had not made announcements at the High-Level Meeting to come forward with measures increasing the market access for products of export interest to least-developed countries.

11. The representative of the European Communities said that as the Director-General made his report on his own responsibility, his delegation would take this opportunity to make some observations relating to the follow-up to the High-Level Meeting in general. First, as the European Communities had notified the market access measures they had announced at the High-Level Meeting he felt comfortable in putting pressure on others to come forward with their initiatives. Not only the countries that had made announcements at the High-Level Meeting should notify measures of increased market access for least-developed countries, but also those countries, both developed and the most advanced developing countries, that had not announced any measures, should rethink their positions and consider contributing. Second, in relation to technical assistance, it was essential that the least-developed countries retain a sense of ownership in the exercise. Third, it was important not only to follow-through with the implementation, but also, at some point, to evaluate the technical assistance provided under the Integrated Framework. Finally, the Sub-Committee should continue to review the follow-up to the High-Level Meeting in the coming years. It would therefore be appropriate to have a standing item on the agenda of the Sub-Committee on the follow-up to the High-Level Meeting in order for the Secretariat to report periodically on follow-up actions.

12. The Chairman recalled in that context the provisions of paragraph 16 of the report of the Director-General which clearly indicated the intention of the Secretariats of the six Agencies to report to their respective Memberships.

13. The representative of the United States said that, as was frequently stated, the High-Level Meeting, was the beginning of a process and not an end. The work that proceeded after the High-Level Meeting was therefore even more important than the gathering itself. He said that his delegation would provide its government's notification on market access measures shortly. GSP treatment for some 1,800 products had been enacted into law prior to the High-Level Meeting. While the Sub-Committee had a number of tasks, the work on technical assistance, as a spin-off from the High-Level Meeting, was probably its most important one. That work had only begun and a number of issues remained outstanding. In his report, the Director-General referred to the issue of funding of technical assistance activities. There were also the issues of identifying the ways and means of providing technical assistance and of selecting the most appropriate institutions to provide such assistance, particularly in the area of compliance with WTO commitments.

14. The representative of Japan said that the follow-up to the High-Level Meeting would be one of the essential issues at the May Ministerial Conference. His delegation was very interested in the implementation of the Integrated Framework which it considered the most important outcome of the High-Level Meeting. He appreciated the work done so far by the six agencies involved and expected them to accelerate the work so that round-tables could be held as soon as possible during the course of the year.

15. The representative of Djibouti said that the report of the Director-General gave detailed account of the follow-up to the High-Level Meeting. The creation of a special post in the Technical Cooperation and Training Division would benefit the least-developed countries. Technical assistance had benefitted his and other least-developed countries, and would continue to do so. In October for example, his government would organize, with the participation of the WTO, a regional seminar for french-speaking least-developed countries.

16. In terms of market access commitments, the representative of Canada informed Members that her government had, as from 1 January 1998, moved beyond its commitments in the Agreement on Textiles and Clothing to integrate textile products and remove quotas on a number of specific products as recently notified to the WTO Textiles Monitoring Body. Developing and least-developed countries were expected to be the major beneficiaries of that liberalization as they were competitive producers. The removal of quotas should allow those producers to gain a larger share of the import market than had previously been possible under the quota system. Her government was also exploring changes to its programme of preferential market access for least-developed countries, including expansion of the duty-free product coverage and liberalization of the rules of origin requirements. Her government was in the process of consulting with the public and business communities on those improvements.

17. The representative of Switzerland said that while his delegation did not have any comments on the report of the Director-General as it was understood that it was presented on his own responsibility, his delegation nevertheless agreed with most of it. His delegation was of the view that the Integrated Framework was the most important outcome of the High-Level Meeting. There was still a lot of work ahead for the organizations involved and more so for organizations other than the WTO. As regards the WTO, there was a problem in the financing of technical assistance and a solution had to be found. Regarding initiatives to increase market access, his delegation had notified its measures in advance of the High-Level Meeting, in document WT/COMTD/N/7 and should therefore be considered among the Members having taken action.

18. The representative of Turkey said that during the High-Level Meeting, his government had announced its intention to introduce additional preferential market access measures for the benefit of least-developed countries. In line with that statement, the government of Turkey had compiled a list of products subject to preferential tariff rates if originating in least-developed countries. The list had been promulgated in the official gazette and contained some 250 products on 12-digit basis and replaced unilateral preferential tariff rates applicable to those products originating in least-developed countries. In 1996, the imports of those products amounted to around 600 million US dollars. A list of beneficiary countries was contained in document WT/COMTD/W/39, circulated on 30 March 1998.

19. The Chairman said that both the quality and the quantity of market access announcements were important. A couple of points had emerged from the interventions. First, the importance of technical assistance, in particular its funding arrangements which should be taken up as a priority issue by the Sub-Committee, but also its evaluation. Second, without prejudice to those delegations which had made market access announcements, general disappointment had been expressed with the slow pace of notifications. Finally, it had been suggested that follow-up to the High-Level Meeting should form a standing agenda-item for the Sub-Committee.

20. He continued by saying that it seemed reasonable to wait for the outcome of the May Ministerial before considering the pace and scope of the programme of work for the Sub-Committee for the coming year. He proposed to conduct informal consultations after the May Ministerial Meeting with a view to determining the Sub-Committee's future work programme.

21. The Sub-Committee took note of the statements made and encouraged further notifications of improved market access in favour of the least-developed countries.

C. Other Business

22. The Chairman said that he intended to start subsequent meetings of the Sub-Committee exactly on time.

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