



WORLD TRADE
ORGANIZATION

FIFTH GLOBAL REVIEW OF AID FOR TRADE

Reducing Trade Costs for Inclusive,
Sustainable Growth

30 June – 2 July 2015

Summary Report

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Foreword

We have come a long way since the Aid-for-Trade Initiative was launched ten years ago in 2005. During this period the Initiative has gained an enhanced global profile and has helped push the aid for trade envelope from around US\$25 billion in the period 2002-05 to over US\$55 billion in 2013.

Successive biennial Global Reviews of Aid for Trade have established this forum as a high-level multilateral dialogue on not just aid for trade, but also on a range of key trade and development issues. Global Reviews provide a platform to examine how developing, and in particular least developed countries (LDCs), are better able to utilize market access opportunities through targeted aid for trade; how this is assisting their integration into the global economy; how development partners are helping in this process; and above all the effectiveness of this support.



The Fifth Global Review of Aid for Trade, held on 30 June – 2 July 2015, was timely. Not only does 2015 mark the tenth anniversary of the Initiative and the twentieth anniversary of the WTO, it is also a landmark year for the global development community. The Global Review sent a powerful message of the central importance of trade and the multilateral rules based system in the context of the UN's Sustainable Development Goals and the Post-2015 Development Agenda.

A clear theme throughout the discussions at the Review was that trade costs matter. High trade costs act as a barrier on the integration of developing countries into regional and global value chains, and thereby into the global economy. The sessions at the Review showed that this is especially true for LDCs, landlocked developing countries and geographically remote, small economies. All these countries are particularly weighed down by heavy trade costs.

Action to reduce trade costs will help deliver the Sustainable Development Goals, and the implementation of the WTO's Trade Facilitation Agreement (TFA) will be an important step in this direction. The experiences of many in supporting and enacting border reforms were shared during the Global Review – with new initiatives being outlined. Light was shed on where to find support for TFA implementation, particularly as regards the TFA Facility that began operation in 2014. The Enhanced Integrated Framework also launched Phase 2 of its programme to support LDCs during the Review.

Over 1,500 participants registered for this year's Global Review, providing rich contributions to a total of 18 plenary sessions and 28 side events. We were delighted by the high level of participation, including heads of many multilateral and regional development institutions and ministers from developed and developing countries, across all three days of the event.

This publication provides a summary of the discussions of the Fifth Global Review. I hope it will contribute further to reaffirming the Aid-for-Trade Initiative as an integral component of trade-led economic growth and development – a component which will only become more important as work to deliver the global Sustainable Development Goals gets underway.

Roberto Azevêdo
October 2015

Acknowledgements

The Fifth Global Review was organized by the Aid-for-Trade Unit in the WTO Development Division. We would like to thank all the speakers and all those who organized side events during the Review.

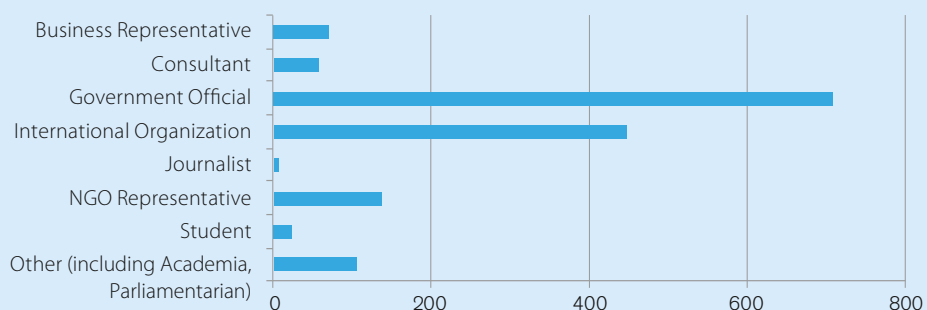
This summary report has been prepared on the basis of reports prepared by the organizers of the side events and by staff from the Accessions Division, the Agriculture and Commodities Division, the Council and TNC Division, the Development Division, the Economic Research and Statistics Division, the Integrated Framework Executive Secretariat, the Intellectual Property Division, the Institute for Training and Technical Cooperation, the Legal Affairs Division, the Standards and Trade Development Facility, the Trade and Environment Division, the Trade Policies Review Division, and the Trade in Services Division.

The Development Division is indebted to the volunteers in the WTO Secretariat who worked tirelessly throughout the event.

Special gratitude is also extended to the staff of the Graphic Design, Printing and Documents Distribution Section, the Documents Management, Monitoring and Production Section, the Language Services, and the Interpretation Section, of the Languages, Documentation and Information Management Division; and to the Conference Room Technical Group, the Conference and Visitors Services Group, the Facility Management Service, and the Security and Safety Service of the Administration and General Services Division.

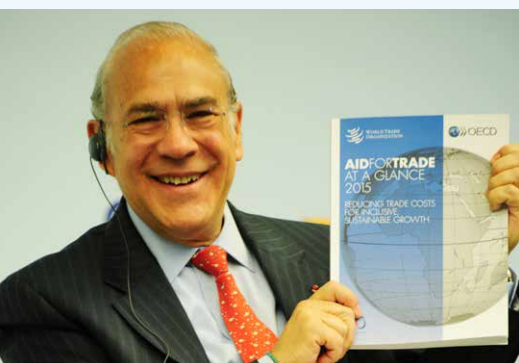
Overview of Registered Participants

Fifth Global Review 2015: Statistics of registered participants by category



Category	Total
Business Representative	71
Consultant	57
Government Official	710
International Organization	446
Journalist	5
NGO Representative	136
Student	24
Other (including Academia, Parliamentarian)	105
Grand Total	1554

DAY 1 – 30 JUNE 2015



DAY 1 – 30 JUNE 2015

Session 1: Reducing Trade Costs for Inclusive, Sustainable Growth

Opening remarks:

- › [Roberto Azevêdo](#), Director-General, World Trade Organization
- › [Angel Gurría](#), Secretary-General, Organisation for Economic Co-operation and Development
- › [Jim Kim](#), President, World Bank Group
- › [Takehiko Nakao](#), President, Asian Development Bank
- › Joakim Reiter, Deputy Secretary-General, United Nations Conference on Trade and Development

Moderator:

- › [Sean Doherty](#), Director, International Trade and Investment, World Economic Forum

Panel discussion:

- › [Antoni Estevadeordal](#), Manager, Integration and Trade Sector, Inter-American Development Bank
 - › [Arancha González](#), Executive Director, International Trade Centre
 - › [Philippe Le Houérou](#), Vice President for Policy and Partnership, European Bank for Reconstruction and Development
 - › Moono Mupotola, Division Manager, Regional Integration and Trade Division, African Development Bank
 - › [Magdy Martínez-Solimán](#), Assistant Administrator and Director of the Bureau for Policy and Programme Support, United Nations Development Programme
 - › [Hani Sonbol](#), Acting Chief Executive Officer, Islamic Corporation for Insurance of Investments and Export Credits and Deputy Chief Executive Officer, International Islamic Trade Finance Corporation
-

High trade costs effectively price many developing countries out of global markets, not just with respect to their exports, but also access to imports too. As a result, comparative advantages in merchandise goods may remain unexploited and the economic growth possibilities offered by services' trade are untapped.

The challenge of reducing trade costs and the contribution that this can make to inclusive, sustainable growth – a concept that lies at the heart of proposed [Sustainable Development Goals](#) (SDGs) – was the central theme of this year's Aid for Trade at a Glance publication.rd

The session discussed how action on reducing trade costs could contribute to the UN's emerging Post-2015 Development Agenda, together with [Financing for Development](#), and provided an opportunity for representatives of other international agencies to share their views on the issue of trade costs.

Opening remarks by the WTO Director-General

Welcome to the 5th Global Review of Aid for Trade. I am pleased to be joined this morning by Angel Gurría, OECD Secretary-General, Jim Kim, President of the World Bank Group, Takehiko Nakao, President of the Asian Development Bank, and Joakim Reiter, UNCTAD Deputy Secretary-General.

We have a huge range of people taking part in the Global Review this year, including: over 20 Ministers from around the world — also from the Pacific, which is the region that faces the highest natural trade costs due to its remoteness; a similar number of leaders from international organizations; representatives from the private sector; and more than 1,000 trade and development professionals. So welcome, once again, to you all.

Our theme this year is “Reducing Trade Costs to support Inclusive, Sustainable Development”.

High costs suffocate trade. They limit the gains from trade. Worse, the burden of high trade costs falls heaviest on the poorest countries, the smallest firms and the lowest income consumers. In Africa, high trade costs in the region mean that only 5% of imported food staples are bought from other African countries.

If it's taking 40, 50, 60 or more days to export your produce, then you're not getting the most out of the trading system. The phrase “time is money” has never seemed more appropriate. If it takes that long to move your goods, then it will drive up your costs and you will simply be priced out of the market. As a result, you will be stuck at the first link of the value chain, and operate mostly with non-time-sensitive commodities.

In 34 of the 49 least developed countries (LDCs), just three products account for 70% or more of their merchandise exports. Unbalanced economies struggle to deliver balanced development outcomes. Without diversification, inclusive, sustainable growth is all but impossible. High trade costs disconnect the economy from international flows of goods and services. They therefore stifle creativity — the motor behind productivity that drives economic growth.

Consumers also get a raw deal. Prices of imports are higher and choice is limited. That's a big problem if

you earn less than a dollar and 25 cents per day — and around 1 billion people still live in this condition. This is why reducing trade costs — particularly for the poorest — is so important.

This is a very important year for trade and development. If you'll forgive me using a few more numbers. This is the 5th Global Review,

- We are preparing the WTO's 10th Ministerial Conference in Nairobi — making it the first Ministerial Conference to be held in Africa,
- And we are marking the WTO's 20th anniversary year.

Over those 20 years the WTO has contributed a great deal to development around the world, and the integration of developing countries into the global trading system.

Since the early 1990s, 1 billion people have been lifted out of extreme poverty. Around two-thirds of that poverty reduction has come from economic growth in developing countries — and trade has been a major driver of that growth.

So this year, as the world comes together to define the Post-2015 Development Agenda and agree on the new Sustainable Development Goals, I think we have to make sure that trade plays its full role. And with this in mind, I think we need to do much more.

Many people remain disconnected from the trading system, or do not feel its full benefits. We must find ways to further cut trade costs, lower trade barriers, reduce distortive subsidies, and increase people's capacity to trade, so that the poorest can access more of the benefits that trade can provide.

Fortunately, we have many tools at our disposal to deliver all of this.

First, as we will hear today, we can achieve a great deal through the Aid-for-Trade Initiative itself.

Aid for Trade makes a big difference on the ground, which is what we are all about. In more than 15 African countries, disbursements through this initiative are worth more than 2% of their Gross Domestic Product. It is vital therefore that we maximise the

results that Aid for Trade can deliver. I'm pleased to say that the evidence harvested in the Global Review shows that this is happening. Aid for Trade is helping to link people into the trading system – and therefore it is improving lives.

Second, we can take a leap forward in cutting trade costs by implementing the WTO's Trade Facilitation Agreement which was finalized in Bali in December 2013. The *Aid for Trade at a Glance* report highlights many examples of where border modernization efforts are yielding success. Cambodia, Guatemala, Kenya, Lesotho, Peru, Tajikistan and Togo are just some of the WTO Members that are reporting faster clearance times, higher customs revenues and savings for traders from border modernization efforts. These examples give a sense of the impact that the WTO Trade Facilitation Agreement can have. We are talking about a potential annual boost to the global economy of 1 trillion dollars – and 18 million new jobs in the developing world.

And there is a lot of support available to help countries implement the Agreement. The WTO's Trade Facilitation Agreement Facility will be an important channel to deliver support, as well as the programmes of many of our partners who are here today – international organizations, development banks, donors. Delivering the other decisions which were taken in Bali will be very critical as well – particularly those which aim to provide benefits for the LDCs.

Moving on, the **third** – and potentially the most important step we can take here – would be to negotiate new development outcomes at our Ministerial Conference in Nairobi in December. This is a major focus of our work this year – and we are doing all we can to help members deliver. Negotiations are intense. It's tough – like everything else we do. But we're still talking and moving in the right direction. There will be many opportunities to discuss each of these issues, and more, over the next three days.

Indeed, there will be many sessions and debates to get involved in, as well as a wealth of new reports and data to consider. So let me pick out just some of the key points as I see them:

- First, trade costs remain too high. They still act as a powerful brake on the development of the poorest. They penalise small business and the poorest consumers.

- Second, to travel along the path of inclusive, sustainable development, we must do more to cut trade costs.
- Third, for developing countries and their financing partners, this means prioritizing trade issues and mobilizing resources in order to build capacity.
- Fourth, here at the WTO the message is even simpler: implement the Bali Package – including the Trade Facilitation Agreement, and deliver for development in Nairobi.

Let's make 2015 the year of trade and development.

I wish you all a very productive three days.

Thank you.

Remarks by the President of the World Bank Group

Good morning. Thank you for welcoming me to the WTO's Fifth Global Review of Aid for Trade.

Promoting freer and more inclusive trade is a critical part of the World Bank Group's plan to end extreme poverty by 2030. I say this knowing that, for some, the argument that trade helps the poor has been controversial. Yet our best evidence suggests that, when countries are effectively integrated into regional and global markets, their poorest citizens can reap substantial benefits. Our plan to end poverty must include two objectives: Expanding opportunities for low- and middle-income countries to participate in trade; and reducing what we call "trade costs" – obstacles that prevent the poor and the vulnerable from participating in trade and, as a result, constrain their opportunities to reach their full potential.

For years, many have debated whether trade helps or harms the poor. The World Bank and I were on opposite sides of the debate 20 years ago! International financial institutions rightly saw the growth potential from trade to be a multiplier for growth and development. However, they and others did not focus sufficiently on identifying situations where specific groups of poor people were unable to reap the benefits of trade or were adversely affected by increased global competition. As a result, some thought that the World Bank, along with the WTO and others advocating for trade liberalization, were pushing an agenda without taking into account the costs that it imposed on the poor and the vulnerable. Protests at the Seattle WTO Ministerial Conference in 1999 focused the global spotlight on this strongly held view.

We've learned some important lessons since then. For example, we know that trade benefits developing countries when we build ways for them to connect their poorest citizens to global markets. We also know that providing these people access to the opportunities of trade has a dramatic impact on reducing extreme poverty.

Just look at the evidence. Since 2000, developing countries' share of world trade has grown from 33 to 48%. This helped stimulate growth in low- and middle-income countries, and accelerated poverty reduction. China has tripled its share of world trade since joining the WTO in 2001, helping cut its

extreme poverty rate from 36% at the end of the 1990s to 6% in 2011. Overall, developing countries' gains from trade contributed to reducing by half the proportion of the global population living in extreme poverty between 1990 and 2010, achieving this First Millennium Development Goal five years ahead of schedule.

Trade's contribution to poverty reduction on this scale did not occur by accident – governments took specific, cross-sector steps to integrate poor communities into global markets through domestic reforms and international agreements.

In Vietnam, the Doi Moi economic "renovation" in the late 1980s set the stage for increases in farm productivity that helped Vietnam become a top exporter of rice, coffee and tea over the next three decades. Land reform gave farmers increased rights over use of their land and, coupled with better connections to markets, improved productivity, raised incomes and reduced their vulnerability. After a long process, Vietnam acceded to the WTO in early 2007, enhancing its producers' access to global markets.

The impact has been remarkable: Since the early 1990s, Vietnam has cut its rate of extreme poverty from over 60% to less than 3% today. The combination of reduced trade barriers and domestic economic reform promoting private sector development produced this transformation.

There are, in fact, many examples of targeted reforms and openness to trade that have helped the poor. In Cambodia, the combination of reforms and openness enabled poor rural farmers to sell rice to international markets and created new jobs in urban areas through the garment sector, where over 80% of the workers are women. Between 2007 and 2011, extreme poverty in Cambodia fell from 30.8% to 10.1%.

In Ethiopia, exports of cut flowers from one firm to the European Union helped open the door to an export industry that now employs 50,000 workers. It has also generated more secure wage employment and a pathway out of poverty. In Lesotho, employment in the export-oriented garment sector has created jobs for women, many of whom have little opportunity for

formal employment in other sectors because of low levels of skill.

Many of these countries still face challenges in ending extreme poverty. However, evidence shows that, when coupled with domestic reforms that empower the poor, increased trade has provided a powerful engine for poverty reduction.

Indeed, trade that benefits the poor is one reason we've made enormous progress over the last 25 years in our mission to end extreme poverty. Overall, there are now about 1 billion fewer people living on less than US\$1.25 a day than in 1990. However, nearly 1 billion people still survive below this line. Ending extreme poverty by 2030 is an ambitious, but achievable goal if we promote inclusive growth – growth in which the poor and the vulnerable share equitably.

The topic of this year's Global Review is therefore timely. Reducing trade costs – whether they result from weak infrastructure, inefficiencies and corruption at border crossings, or gender inequalities – can boost demand, increase incomes and create jobs. As a result, lower trade costs can promote inclusive growth.

Reducing trade costs will also be critical to financing the Sustainable Development Goals. By increasing growth prospects, it makes developing countries more attractive destinations for investment. This will help accomplish one of the objectives of July's Financing for Development conference in Ethiopia: Unlocking private sector investment to move from billions of dollars in overseas development assistance to trillions of dollars in development spending.

Research shows that the poorer specific countries are, the higher their trade costs. Exporters in low-income countries face trade costs in manufacturing that are, on average, almost three times higher than in advanced economies. And these costs are even higher in the agriculture sector. Given that 70% of the world's extreme poor live in rural areas, tilling small farms or working in informal jobs, these costs create substantial obstacles to trade benefitting the vulnerable and reducing extreme poverty.

Evidence suggests that we can make trade work for the poor and the vulnerable if we lower barriers to trade between countries and reduce trade costs within countries through cross-sector approaches.

At the global level, we fully support the WTO's effort to energise multilateral trade negotiations and make progress at this year's Ministerial Conference in Nairobi. And we urge parties to complete ratification and implementation of the Trade Facilitation Agreement.

Within countries, rural poverty, gender discrimination, fragility and conflict, and informality pose specific problems that prevent the poor from reaping the benefits of trade. For example, without better roads and more competitive transportation services, poverty prevents farmers from getting their goods to market. When coupled with trade policies that facilitate farmers' access to modern seeds and fertilizers, domestic reforms that lower transport costs can significantly increase farmers' incomes and the agricultural sector's returns from trade.

The World Bank Group is working with governments on cross-sector approaches to tackle these challenges in many places, including the Great Lakes Region of Africa, which contains some of the highest concentrations of extreme poverty in the world. In the Democratic Republic of the Congo, 88% of the population lives on less than US\$1.25 a day. The country is also affected by fragility and conflict, has a large informal economy, and 85% of small-scale entrepreneurs crossing borders to trade are women.

Our Great Lakes Trade Facilitation project is helping to lower trade costs for its citizens and those of Burundi, Rwanda, Tanzania, Uganda and Zambia. The US\$130 million initiative will upgrade border infrastructure, simplify border procedures, and improve border agency capacity. It also focuses on facilitating the participation of small-scale businesses in cross-border trade, which will help women entrepreneurs.

There is, of course, much more to be done. At the World Bank Group, we've restructured our operations so that we're better able to help. Our Trade and Competitiveness Global Practice, under the direction of Anabel González, is about to complete its first year of activity. Through initiatives like the Great Lakes project, it is working with governments to apply our best global knowledge to ensure that trade contributes to poverty reduction. Anabel and her group are also assisting countries develop policies to maximize their gains from freer trade.

In addition, the Trade and Competitiveness team is spearheading important partnerships such as our work with the WTO. Only moments ago, Roberto and I launched a report that sets out an agenda for greater action to lower trade costs and maximize the gains of trade for the poorest. Our organizations will also start an initiative to develop indicators to track trade costs that most affect the poor globally. Ultimately, this will us help design better trade projects and provide for more effective monitoring of progress in lowering trade costs for the poor.

When we work together, the WTO, the World Bank Group and other partners can have a major impact on ending extreme poverty. We must continue to work with all of you to put our global knowledge at your service so that trade facilitates inclusive growth. If we succeed together, we will become the first generation to end extreme poverty in the world. It will be one of humankind's greatest achievements. Thank you.

Remarks by the Secretary-General of the Organisation for Economic Co-operation and Development

We meet at a defining moment in the international development agenda. The scope and ambition of the Sustainable Development Goals (SDGs) offer a unique opportunity for ending poverty, protecting our environment, and realizing sustainable development for all. What brings us together today is the belief that trade will play a critical role in making this happen.

It is, therefore, my great pleasure to present the joint **OECD-WTO Aid for Trade at a Glance publication** which focuses on reducing trade costs.

It has been a truly collaborative effort among our partner institutions – including the World Bank Group, the Executive Secretariat of the Enhanced Integrated Framework, the International Trade Centre, the United Nations Conference on Trade and Development, and the World Economic Forum. This demonstrates our collective resolve to make trade an engine for inclusive and sustainable growth.

Aid for trade is working

International trade is a key driver of development. But high trade costs prevent a large number of developing countries from fully exploiting the opportunities that the global market offers: increased development, stronger growth and more jobs.

Landlocked, remote, and small economies are marginalized by costs that reflect geography, not capability. Indeed, the report we release today clearly shows that while producers in low-income countries are often competitive at the farm and factory gate, they are priced out of the international market. This is because of cumbersome border procedures, poor infrastructure, lack of finance, and complex standards.

This is exactly why we launched the **Aid-for-Trade Initiative** – to help developing countries build their supply-side capacities and overcome the constraints that prevent them from connecting to global markets.

The good news is that we are making progress. Since the start of the Initiative, ten years ago, donors have disbursed US\$264.5 billion in financing for Aid-for-Trade programmes, with annual commitments now

standing at US\$55 billion. A further US\$190 billion in other official trade-related flows have been disbursed, while South-South trade-related support is also helping developing countries reduce high trade costs.

But it is not just about the numbers. It is about the jobs created, increased domestic and foreign investment and, ultimately, better lives for men and women across the globe. The OECD found that one dollar in Aid for Trade generates eight dollars in extra trade for all developing countries and 20 dollars for low income countries. These are impressive returns on investment!

Reducing trade costs through trade facilitation

And let's not forget that Aid for Trade is a complement – not a substitute for broader market liberalization. That is why the WTO's 161 Members made a renewed commitment to open international trade to developing countries with the agreement of the Bali package almost two years ago.

The **WTO Trade Facilitation Agreement** creates a significant opportunity to reduce trade costs and enhance participation in the global value chains. Making improvements in trade facilitation is possibly the policy reform with the greatest potential to impact on foreign input sourcing decisions.

At the OECD, we calculated that the implementation of the Trade Facilitation Agreement could reduce worldwide trade costs by up to 17.5%. And for those that do more, the benefits are even greater! Countries that implement the TFA in full will reduce their trade costs by up to four percentage points those that do only the minimum that the TFA requires.

Aid also has a key role to play in assisting countries with the implementation of the Trade Facilitation Agreement. Donors that report to the OECD have already disbursed some US\$1.9 billion in aid for trade facilitation since 2005. Annual commitments now stand at US\$668 million; an eight-fold increase in donor support since 2005. And, according to the OECD/WTO survey, even more support is on its way!

The OECD has also developed **Trade Facilitation Indicators** (TFIs), covering 152 countries, which can assist with the implementation of the Trade Facilitation Agreement. This tool allows countries to monitor and benchmark their trade facilitation performance, prioritize areas for action, and mobilize technical assistance and capacity building in a targeted way.

Reducing trade costs in partnership with the private sector

Finally, let me remind you that we must join forces with the private sector if we are to see trade costs cut. Not only can they help identify the most distorting trade costs and suggest how best to reduce them, but they can also advise on the effective use of different development finance instruments offered by a wide range of providers.

I am pleased to see that you will discuss this in more detail later today, during a side event organized jointly by ITC, WEF and the OECD. Such a collaborative effort between the public and the private sector in developed and developing countries will no doubt maximize the contribution of trade to delivering Sustainable Development Goals.

The OECD is committed to joining forces with governments, with international organizations, and with the private sector to raise the bar for development. I firmly believe that reducing trade costs through trade facilitation and Aid for Trade should be a crucial pillar of international efforts under the Sustainable Development Goals. We are making progress, so let's keep up the good work!

The OECD stands ready to work with, and for you, to deliver better Aid-for-Trade policies for better lives.

Remarks by the President of the Asian Development Bank

I am honoured to be here at this important meeting today.

First, let me congratulate the WTO on its 20th anniversary. I want to stress Asian Development Bank's (AsDB) continuing support in attaining WTO goals – whether implementing the Bali Package or supporting the case for Aid for Trade.

In Asia and the Pacific, open trade and investment will continue to be an engine of growth and poverty reduction. Our region's economy remains strong. We expect the 2014 growth of 6.3% to continue in 2015 and 2016. Structural reforms and prudent macroeconomic policies in many Asian countries are increasingly driving growth. In an environment of open trade and investment regimes, global value chains are thriving, particularly in East and Southeast Asia. Of course, we should not be complacent and must continue to fight remaining poverty and increasing inequality by promoting inclusive growth. In the Bank's 45 developing member economies more than 500 million live below a poverty threshold of US\$1.25 a day. This is despite remarkable progress in the region.

What AsDB is doing

Aid for Trade is essential to address high trade costs and support trade integration, hence promoting trade-led inclusive growth. What is AsDB doing to promote Aid for Trade in Asia and the Pacific? We use a three-pronged approach. These are: (i) infrastructure finance, (ii) trade facilitation and trade reform, and (iii) trade finance. At our annual meeting last month, I said we need a stronger, better, and faster Asian Development Bank. Let me explain how this applies to Aid for Trade.

First, stronger AsDB infrastructure lending improves connectivity across our region. Good roads, railways, sea and airport facilities, power distribution and telecommunications are prerequisite to trade, and provide entry into global value chains. Our recently approved, precedent-setting merger of ordinary and concessionary lending windows will increase our annual approvals of projects and programs from US\$13 billion to as much as US\$20 billion, or 50% above the current level. Our assistance to poor countries will expand up to 70%. We will expand our concessional loans to poor countries on the same

terms and conditions as before. We will also retain and strengthen the Asian Development Fund as a grant-only donor fund to assist eligible poorest countries.

An important part of AsDB infrastructure lending is to finance cross-border roads, railways, electricity and customs. Such infrastructure facilitates trade, investment and mobility of people between countries. Given the investment risks, most of these projects are publically-financed and involve sub-regional economic cooperation. We work with groups such as ASEAN, the Central Asia Regional Economic Cooperation (CAREC) program, and the South Asian Sub-region Economic Cooperation (SASEC) program to help plan, prepare and implement cross-border projects. With our developing member countries and co-financing partners, we committed nearly US\$50 billion since 1990 for cross-border infrastructure through these programs.

In addition to publically-financed projects, public-private partnerships (PPPs), have become more important for infrastructure finance. Our new Office of Public Private Partnerships provides transaction advisory services and facilitates PPP identification and project preparation.

Second, AsDB aims to offer *better* support for trade facilitation and trade reform. This helps countries and businesses reduce high trade costs and increase competitiveness.

We focus on implementing international agreements on trade facilitation, streamlining regulations, improving information sharing, and reforming customs agencies. From this perspective, we support the WTO Trade Facilitation Agreement (TFA). We work with our developing members to ascend to the Revised Kyoto Convention, which is a framework to simplify and harmonize customs procedures to support TFA.

It should be noted that the ASEAN Economic Community will be launched by the end of 2015. This will facilitate trade within ASEAN members and create a market of more than 600 people. It also provides a peer-review framework towards sound economic policies and market-oriented reforms. AsDB provides technical assistance for the ASEAN

Single Window and National Single Windows to speed up the movement of goods within the community.

We are increasing support for trade facilitation in South Asia, Central Asia, and the Pacific. Some of this work is done through our partnerships with the World Customs Organization and the United Nations Economic and Social Commission for Asia and the Pacific. These sub-regions are lagging behind East Asia and Southeast Asia in terms of trade and investment linkage within the sub-region and with other parts of the world.

Third, we will support **fast** and effective financing for trade. Our Trade Finance Program has helped expand trade opportunities – especially since the global financial crisis. When trade finance was squeezed due to the liquidity shortage after the crisis, AsDB expanded the program in 2007 and usage accelerated. Today, this program turns over some US\$3.8 billion annually in guarantees and loans. We work with over 200 partner banks and have financed more than 1,500 SMEs in untapped or difficult markets.

AsDB report “Aid for Trade in Asia and the Pacific 2015”

This afternoon, in Parallel Plenary Session 6, we will discuss AsDB’s draft report on Aid for Trade in Asia and the Pacific. The report was prepared in partnership with Australia’s Department of Foreign Affairs and Trade, WTO and the Pacific Islands Forum Secretariat. The report examines the different challenges for trade across the region and the high trade costs many still face.

It also explores the potential of the digital economy to promote trade. Information and communications technology (ICT) helps companies in the region, including small- and medium-sized enterprises, expand potential global customers and link into global value chains. ICT also increases access to new technologies, and supports skills building. ICT can improve the efficiency of women-led firms by reducing time constraints and limited mobility related to childcare and other family duties while providing access to new business opportunities.

This report has special relevance to the Pacific and Central Asia. The potential gains from digital connectivity are greatest for these sub-regions where distance to markets is a significant barrier. AsDB is supporting broadband submarine cable

systems between Fiji and Tonga and other Pacific island countries and providing technical assistance for the digital economy.

Conclusion

To conclude, AsDB will continue to support Aid for Trade together with WTO, WCO, World Bank and other partners. The Bank is committed to stronger infrastructure investment, better trade facilitation reform, and faster, more effective trade finance in order to promote sustained, inclusive growth in Asia and the Pacific.

Thank you

Remarks by the Deputy Secretary-General, United Nations Conference on Trade and Development

2015 is a special year.

It is the year when all of you – the governments of the world – will commit to dignity for all, prosperity for all and a sustainable planet for all.

The Sustainable Development Goals (SDGs) represent a massive leap of faith. They are an expression of individual and collective determination that probably exceeds anything that we, as a global community, have committed to in the history of the United Nations. And they involve an entirely new, comprehensive and coherent blueprint for development: one which will require profound transformation; and one in which trade can, and must, play an important role if we are to achieve the world we want by 2030.

I wish to make three brief points in my remarks this morning:

- First, on the magnitude of the challenge that the SDGs represent, particularly in terms of the trade and growth challenge facing least developed countries (LDCs).
- Second, on how reducing trade costs improve the lives of people and builds productive capacity.
- Third, on the role of Aid-for-Trade in meeting the challenge of this new ambitious and transformative agenda globally, as well as nationally and regionally.

First: consider the scale of the challenge in the LDCs. The share of poor people living in China in 1994 was about the same as the share of poor people living in LDCs today – 46% of the population living on less than US\$1.25 per day.

China grew on average at 9.4% per capita per year for 15 years; yet by 2009 still 12% of China's population was living in poverty. This implies that to end poverty in the next 15 years, as the SDGs prescribe, the LDCs will require a bigger economic miracle than China's! And environmentally, LDCs must accomplish this growth miracle without China's carbon footprint!

If this was not enough: we are envisaging that the LDCs accomplish Chinese-like growth rates, at a time when the global economy is facing “secular stagnation”. Add to that a current investment gap of US\$2.5 trillion annually for the fulfilment of the SDGs in developing countries as a whole.

So, we will have our work cut out for us. And it will require our determined action. Trade can help us meet this challenge. Trade is not only one of the main engines of growth. It is also the single largest source of private and public external finance to LDCs. In 2013, export earnings to LDCs amounted to US\$213 billion. That's more than twice their combined receipts of Official Development Assistance (ODA), foreign direct investment (FDI), and remittances. Aid-for-Trade initiatives are vital for ensuring we harness these large sums for inclusive and sustainable development.

This brings me to my **second** point, which is how reducing trade costs improves people's lives.

High trade costs act as a double-edged sword: these costs squeeze citizens through lower wages in the export sector. At the same time, they lead to higher prices on imported consumer goods. And they deter investment. At a time when every dollar counts to invest in sustainable development and when we are to eradicate poverty, no one can afford this waste.

Today, we know that the benefits of trade come not only from increased market access but trade can also – especially when accompanied by other measures – foster knowledge creation, increase productivity and promote more and better jobs for the population.

And it is this process that can structurally transform economies, to improve the lives of everyday people. That is why reducing trade cost is so important. This is not about deregulation. It is about efficiency. And it even helps strengthen government capacities to collect domestic revenues and meet the needs of citizens.

For example: **UNCTAD's ASYCUDA programme**, which automates customs processes in more than 80 countries, helped Afghanistan increase

custom's revenue from US\$50 million to more than US\$700 million over seven years, all while trade growth itself was only expanding 5-7% annually. So by cutting red tape and improving efficiency, Aid for Trade has increased domestic capacity of the country to pay for government services that people need.

The same goes for non-tariff measures. Again, it is not about doing less, it is about being less trade-restrictive and trade costly. This is particularly important in light of the new Post-2015 Development Agenda. In many cases, national policy actions to achieve the SDGs may inadvertently constitute non-tariff measures (NTMs), such as sanitary and phytosanitary measures and technical barriers to trade. For LDC exporters in particular, this represents a formidable challenge.

My **third**, and final, message this morning is how we at UNCTAD believe that Aid for Trade must help implement the Post-2015 Development Agenda.

When it comes to global action to reduce trade costs, the Agreement last year on Trade Facilitation (TFA) was a game changer, and we urge countries to ratify and implement this Agreement. And the ball has been set in motion for further, and hopefully decisive, movement on the Doha Development Agenda by Nairobi this December.

Aid for Trade is crucial in the implementation of the Trade Facilitation Agreement. We at UNCTAD work closely in partnership with others on this, notably with the International Trade Centre and the United Nations Commission for Europe. We were also pleased to announce last week the launch of a new Aid-for-Trade vehicle to help developing countries speed up ratification and acceptance of the TFA. This new UNCTAD Aid-for-Trade initiative aims to support many poorer countries experiencing domestic legal and capacity constraints in ratifying the Agreement.

Aid for Trade at global, regional and national levels must go hand in hand. And it requires a comprehensive and integrated approach, linking doing business, with investment, with trade. UNCTAD will do its part. Our capacity building programs on entrepreneurship and investment, on e-regulation, our ASYCUDA customs automation solutions, our support to e-Commerce and ICT, and our Port Training programme, all stand as examples of highly-tailored technical Aid-For-Trade activities. Not to mention the cluster on trade and productive

capacity which helps us as a UN System, deliver as one.

Regional Aid for Trade must also come into its own. Today's pragmatic regionalism provides the building blocks to tackle regional trade costs and for improved, revitalized trade growth. Such arrangements are the natural home for the regional value chains that many developing countries need to improve productivity and create good jobs for all. Aid-for-Trade initiatives have a key role to play for regional trade integration.

Our Aid-for-Trade Review is unique this year in that we must look more forward to the future, than backwards to our past activities. We are witnessing "once in a lifetime" negotiations in a number of fora to agree on how trade contributes towards the world that we all we want to live in 15 years from now.

We must ensure that these negotiations are successful. Once these negotiations are over, we will have answered the question "what?". Then, we will have to start answering the question "how?".

I welcome you all to join us at **UNCTAD XIV from 14-18 March 2016 in Lima, Peru**, in the first major global conference of the post-2015 era. At UNCTAD XIV in Lima we plan to move the discussion from negotiation and debate to action and implementation. I look forward to all of your contributions to these efforts, and to your continued engagement and support to Aid-For-Trade work.

Panel discussion

Sean Doherty, Director, International Trade and Investment, World Economic Forum, explained that two main themes would be explored in the discussion, namely (i) the links between trade costs and growth and how to cut trade costs and the social impact of these costs; and (ii) the links to the SDGs and Financing for Development (FfD). The discussion would also explore the role of the private sector and the link to investment more broadly.

Arancha González, Executive Director, International Trade Centre (ITC), gave an overview of areas where the Aid-for-Trade Initiative could play a role in the reduction of trade costs. She outlined ITC's work with trade promotion organizations and small- and medium-sized enterprises (SMEs) in developing countries and LDCs. She stressed that trade costs mattered for everybody and every company. In particular, they were a major burden for SMEs because fixed costs represented a higher part of the per unit cost than for larger companies that could export greater amounts of products and services. Trade costs often accounted for the difference between remaining confined to small domestic markets, rather than being able to internationalise. She noted that SMEs represented the bulk of economic operators in most economies and provided jobs, for women and youth. In addition, trade costs were important since SMEs in international markets were more competitive, innovative and more productive; reduction of trade costs was therefore also important. Adoption of the WTO Trade Facilitation Agreement (TFA) was a move towards cutting trade costs and she highlighted costs which she saw as being particularly important for SMEs where greater attention was needed, namely non-tariff measures (NTMs); the cost of complying with private standards where disparity and high certification and auditing costs often led to difficulties; and access to trade and market intelligence (i.e. knowing what, and where, trade opportunities exist) which had been indicated by 65% of SMEs as their main concern.

With regard to the Latin American region, **Antoni Estevadeordal, Manager, Integration and Trade Sector, Inter-American Development Bank (IaDB)**, stated that IaDB's 2014 report, '**Synchronized Factories**', had documented the gap in terms of the Latin American region's Global Value Chains (GVCs), the lack of the region's integration and participation

in global markets and the gap related to inter-regional trade. The share of Latin America's trade in global trade was very low and currently stood at approximately 6% – down from 10% in the 1950s and 1960s – which was lower compared to Asia's share which stood at approximately 25%. Inter-regional trade stood at 20%, which was lower than Europe (60%) and Asia (40%). The main focus of the report, however, was the Latin American region's limited participation in GVCs as was evidenced by a simple consideration of the level of exports of parts and components over total exports which had remained at a standstill figure of approximately 15% for the past 25 years, whereas that of Asia had increased from 30% in the 1990s to 40% today. A more sophisticated measure that had been used to look at the region's participation, under the leadership of the OECD and the WTO, was the amount of foreign value added in the region's export – 15-20%, depending on the country (for example, Mexico was well integrated within the production value chain of the United States). Figures for foreign value added in export for Asia and Europe were approximately 35% and 40%, respectively. The IaDB report noted that action to reduce trade costs needed to take place at the domestic level (i.e. unilateral action) and through international or regional cooperation. Stressing this point, he said that coordination between countries on an international level was necessary for any domestic action to yield the required positive results and benefits. As an example of this coordination, he referred to the IaDB's support given to countries in their implementation of practices such as the Single Window, which was instrumental for carrying out trade, particularly for SMEs, and noted that the benefits emanating from the inter-operability of the single window depended on such coordination. Mr Estevadeordal noted that the Latin American and Caribbean region lagged behind other regions in terms of integration in global markets, intra-regional trade, and participation in value chains, and said that the reduction of trade costs required action at the domestic, international, and regional levels.

Moono Mupotola, Division Manager, Regional Integration and Trade Division, African Development Bank (AfDB), said that in the context of the African continent, there was a growing awareness of high trade costs and its link to infrastructure, with a focus on building infrastructure to reduce trade costs. With the support of the AfDB, a programme had been

developed – the **Programme for Infrastructure Development for Africa** – which gave a blueprint for the missing links for connecting Africa. There was political will for the Programme, which was currently in its implementation phase, and it was being considered as part of the trade agenda as an enabler to reducing trade costs. She also highlighted the importance of soft infrastructure, such as regulations and domestic policies, and indicated that 10% of AfDB loans went towards addressing these concerns – such as capacity building and policy reform. Energy-related trade costs were also under consideration. Noting that this was clearly an important issue, she highlighted that only seven countries on the African continent had a trade capacity of over 50%. She indicated that there was a strong focus in Africa today on infrastructure development as an enabler to bring down trade costs. She also emphasized the political will that was necessary to move regional integration in Africa forward and outlined how current initiatives were taking into account such issues as non-tariff measures (NTMs) and industrial development.

Hani Sonbol, Acting Chief Executive Officer, Islamic Corporation for Insurance of Investments and Export Credits and Deputy Chief Executive Officer, International Islamic Trade Finance Corporation, provided an overview of the work of the Islamic Development Bank (IsDB) and emphasized that since its inception the Bank had recognized the role of trade in poverty reduction. He noted that trade was now recognized as an engine for growth and a tool for poverty reduction and economic integration and cooperation and noted that the Global Review's theme "Reducing Trade Costs" illustrated the changing role of Multilateral Development Banks from one with a focus on trade liberalization to one of being a tool for social and economic development in Member countries.

The IsDB had a unique set up in that all its operations focused on trade as evidenced through the creation of the Islamic Corporation for Investment Insurance and Export Credit Insurance (ISIC), which provided trade facilitation policies, and the International Islamic Trade Finance Corporation (ITFC), the trade finance and trade development arm of the IsDB Group. The Bank believed that connectivity was one of the main elements for reducing trade costs. As a direct result, infrastructure, as in the case of the AfDB, was a main focus of the Bank which had thus far financed infrastructure projects up to US\$40 billion. The Bank's current active portfolio was US\$15 billion for

190 operations and last year the Bank had financed 51 infrastructure projects to the amount of US\$1.3 billion with the ISIC and ITFC also financing projects of approximately US\$10 billion. The IsDB had been actively participating in the Aid-for-Trade Initiative since its inception and had specialized initiatives for Aid for Trade including AfTIAS¹, launched in 2013, and one for the SPECA² region. Several trans-African projects were underway, including the trans-African highway, connecting Morocco, Mauritania, Egypt, Libya, Tunisia, Algeria and Senegal. He highlighted the trans-Saharan highway, linking Niger, Mali and Chad, which also linked to Nigeria, Algeria and Tunisia, to which IsDB contributed US\$300 million. The IsDB also played an important role with regard to the reduction of trade costs through the provision of 'soft-landing' assistance, such as technical assistance and capacity building which aimed at improving overall efficiency which in turn reduced trade costs. He believed that the future progress of the IsDB member countries would be highly dependent on trade.

Phillipe Le Houérou, Vice President for Policy and Partnership, European Bank for Reconstruction and Development (EBRD), outlined some of EBRD's trade-related initiatives which included in the area of trade infrastructure and trade finance and highlighted the importance of policy reform, and of public-private partnerships in reducing trade costs. He provided a sectoral focus on food security and the link to trade costs noting that the Food and Agriculture Organization's prediction of increased food demand over the next 20 years would require higher food production as well as higher trading. Trade costs for agricultural products, however, were twice as high as for industrial products and to alleviate poverty action would need to be taken in the rural areas. This had been a key focus for EBRD and it was addressing poverty alleviation by providing support to the private sector which was part of the solution as well as part of the diagnostics. To illustrate this point, he referred to trade in Ukraine, the largest exporter of grain, and in Egypt, the largest importer of wheat. In terms of trade infrastructure and the private sector, in Ukraine, in the context of the private sector, this had involved substantially financing transportation

1 Aid-for-Trade Initiative for the Arab States. See <http://www.itfc-idb.org/en/content/aid-trade-initiative-arab-states>

2 The United Nations Special Programme for the Economies of Central Asia. The countries of SPECA are Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

means (railway lines) so that wheat could be brought from the hinterland to the port of Odessa. The Bank also worked with the private sector in building the necessary capacity, through several operations, to load the product as cargo. In addition to public policy dialogue, private sector initiatives were being deployed to reduce trade costs. In Egypt, private sector importers worked with the public sector to look at “red tape” issues and tender process. The result was not a “top-down” conditionality approach but rather a “bottom-up” approach, improving the processes in public tender. This had already yielded savings of up to US\$30 million for the government. He stressed that the Bank’s focus on agri-business was on tangible trade operations, not necessarily in the area of hard infrastructure, but rather on what was put on the road, load and loading and policy reform. He stated that there was a general focus in agri-business to structure the whole sector better, from the commercial to producer level and noted that this link was very strong.

Magdy Martínez-Solimán, Assistant Administrator and Director of the Bureau for Policy and Programme Support, United Nations Development Programme, said that the message of ambition should be sent from the upcoming Conference on Financing for Development to the negotiators of the Sustainable Development Goals (SDGs) Summit in September. He elaborated that there was ambition in the comprehensive agenda, which had 17 goals and 169 targets, as well as in the universality of the agenda. There was also ambition in the form of the agenda’s measurement, accountability, participation and transparency. The means of the implementation of, and the finance for development, had to match the ambition of the substance of the SDGs and he said that it was the responsibility of governments – especially those from developed countries – to ensure that official development assistance (ODA) and Aid-for-Trade support flows had to match this ambition, domestic package has to match the ambition and those that define as developing and private flows towards the SDGs has to match the ambition. He noted that Aid for Trade was the kind of catalytic ODA that could trigger domestic investment and private flows; it triggered the need for better infrastructure, policy reform, and reduction of the cost of trade. The important issue of measurement of progress was being raised in the context of the SDGs agenda, which links to accountability. He stated that it was important because it was a means of assessing whether public policy was yielding results. Indicators were being

considered, including a move towards incorporating trade costs, and this could be done easily because trade costs were measurable and simple in their internal construct. Concluding his initial comments, he indicated that the 5th Global Review needed to send a message of ambition to the UN Financing for Development Conference to be held in July in Addis Ababa.

Concluding remarks by the Panellists

Hani Sonbol shared with the audience a study containing the logistics performance index and its effect on trade in countries. Notably, there were several IsDB Group member countries that had made the transition from lower to higher in the index, in the process proving trade to be a factor in the improved ranking. He noted that, during the transitional period, countries had experienced difficulties but that IsDB had provided support through trade. He reiterated that trade proved to be a key factor that helped these countries improve their development. As such, trade would continue to be the focus in the move towards reaching inclusive sustainable growth in countries, especially in the period following transition. With regard to the Post-2015 Development Agenda, he urged for the promotion of the Bali Package and implementation of the TFA as well as partnership and collaboration between institutions. He concluded by stressing the importance of the private sector and technology as a means to reduce trade costs and enhance trade facilitation

Phillipe Le Houérou emphasized the importance of policy and government procurement in the reduction of trade costs. He informed that the EBRD was assisting Montenegro to complete their negotiation of the WTO Government Procurement Agreement and that Ukraine and Moldova were expected to complete this process shortly. On the topic of trade finance, he said that while there was less focus by the Bank on this, the EBRD did recognize it as a factor in increasing trade costs, for example in the area of banking and the payment risk involved in international transactions. The EBRD had therefore provided trade finance support to local commercial banks to help reduce risks involved in international transactions. In essence, EBRD provided warranties to banks in more advanced countries to cover risks associated with local commercial banks. As an example, he said that since 1999, US\$10 billion had been provided in trade finance to cover between 16,000 and 17,000 international transactions. As a final point, he stressed the importance of public

private partnerships, especially in the effort to reduce trade costs, stating that work was required by actors at both the national and international level. The role for the EBRD was to work with the private sector directly.

Moono Mupotola noted that there was a development agenda in the current African free-trade agreements (FTAs). Recently the tripartite FTA had been launched which consisted of 26 countries, representing 58% of the continent's population. She noted that previously the focus had been on reduction of tariffs, whereas now it was on areas such as non-tariff measures (NTMs). She stated that one of the parties, COMESA, had reduced over 90% of NTMs in 19 member countries. Another component of the FTA was industrial development and sectors had been identified to develop regional value chains within the free trade area and the private sector, which was a major partner, was actively involved in this process. She stressed the importance of political will and involvement in the FTAs and, as an illustration of this, cited the current climate in East Africa.

Antoni Esteveadeordal said that investment was a critical component in the discourse on the reduction of trade costs and that trade would favour suppliers that were in countries that in turn had favourable conditions.

Arancha González highlighted that there was trade taking place in countries that were not the more obvious and that, in these countries, there was movement up the value chain; SMEs were internationalizing, women were getting involved, and trade was taking place. She remarked that this was made possible by solid international partnerships, the private sector, investment and markets, and through domestic reforms where she noted that 50% of NTMs were within the borders of countries.

Session 2: Supporting Implementation of the Trade Facilitation Agreement

Moderator:

- > **Anabel González**, Senior Director, Global Practice on Trade and Competitiveness, World Bank Group
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Panel discussion:

- > **Shamshad Akhtar**, Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific
 - > **Marcus Cornaro**, Deputy Director-General, Directorate-General for International Cooperation and Development, European Commission
 - > **Gilbert Langat**, Chief Executive Officer, Shippers Council for East Africa
 - > **Paul Steele**, Senior Vice-President, International Air Transport Association
 - > **Kunio Mikuriya**, Secretary-General, World Customs Organization
 - > **Eric G. Postel**, Associate Administrator, United States Agency for International Development
 - > **Alioune Sarr**, Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal
 - > **Thomas Silberhorn**, Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development, Germany
 - > **Desmond Swayne**, Minister of State, Department for International Development, United Kingdom
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The WTO **Trade Facilitation Agreement** (TFA) contains a range of measures to expedite the movement, release and clearance of goods, including goods in transit. These technical measures impose obligations on WTO members to increase transparency, to implement streamlined and modernized border procedures and control techniques, and to improve governance through disciplines on rule and decision-making processes. Various economic studies suggest that the TFA will have important trade cost reduction effects, with savings accruing to developing countries.

One feature that marks out the TFA is the implementation flexibility that it accords to WTO members. Section II of the TFA includes various special and differential treatment obligations for developing country and least developed country members, including transition periods and the acquisition of implementation capacity through the provision of assistance and support for capacity building. Commitments for customs and border modernization support reported to the OECD reached some US\$667 million in 2013. Some US\$1.9 billion has been disbursed in trade facilitation assistance from 2006-2013.

What had this support achieved and what lessons could be learnt for Trade Facilitation Agreement implementation, notably for the operation of the WTO's Trade Facilitation Agreement Facility, were two of the issues that were explored in this plenary session.

To set the scene for the discussion, the session began with a two-minute video³ introduced by **Jens Munch Lund-Nielsen, Head of Emerging Market Projects, Group Sustainability, Maersk**, that highlighted the trade costs incurred to move a container across countries. The film followed a container of flowers from Kenya to Holland and showed, in particular, how over 200 documents had to be shared with 30 different actors in order for the container to move along its route. The “value chain” showed a system open to errors and delays that ultimately would be costly for the container which carried flowers worth US\$100,000. This systemic problem occurred in all markets but, in the case highlighted in the video, he said that Maersk was working in collaboration with TradeMark East Africa (TMEA) to discuss with the different actors a more efficient (“cloud-based”) solution that could be used for the exchange of documentation.

Anabel González, Senior Director, Global Practice on Trade and Competitiveness, World Bank Group (WBG), provided information on the WBG’s support and noted that support for the Trade Facilitation Agreement (TFA) was a key priority of the Bank’s Global Practice on Trade and Competitiveness. There were various benefits that the TFA could bring to the global economy and developing countries and their traders. Instrumental to passing the agreement was a credible commitment by developed countries and the international development community, including the WBG, to support full and effective implementation of the agreement. The WBG stood by this commitment which was closely aligned with the Bank’s broader trade and transport facilitation work. The challenge now was to ensure quick ratification of the agreement and to focus on implementation of its many positive measures. She stated that the WBG stood ready to assist any country seeking support, either in the ratification process or in the implementation of the agreement.

Shamshad Akhtar, Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), provided an overview of trade facilitation in the Asia Pacific region, based on a recent survey conducted by UNESCAP. The region was performing well in the area with the majority of developing countries on their way to

TFA implementation. Some of the notable findings of the survey included: average implementation of WTO Trade Facilitation (TF) measures in developing countries in Asia Pacific exceeded 50%; many countries had implemented over two-thirds of the TF measures; 40% of countries had operationalized a Single Window. In parallel, measures to enhance transparency had also been implemented with examples including the publication of law and regulations, the establishment of National Trade Facilitation Committees and the strengthening of interagency cooperation and coordination. Evidence also showed that further scope existed for enhancing the promotion of the operationalization of Single Windows and its benefits. She stressed the differences in TFA implementation within Asia noting that Singapore and the Republic of Korea had implemented measures that went beyond their WTO TFA mandates and that more work was needed in Central Asia, South East Asia, and the small island developing states – in particular the Pacific Islands – where the most remote economies had barely implemented 20% of the TF measures. She highlighted that the level of TF implementation was not necessarily linked to a country’s level of development and cited as an example Cambodia and Lao PDR, ASEAN members which were both committed to regional connectivity and which had achieved more than other more developed countries. Based on evidence, including from UNESCAP’s survey and the WBG trade cost database, and consistent with figures from the OECD and others, it was estimated that full TFA implementation across regions would result in an average of a 16-17% reduction in trade costs.

Ms Akhtar stated that UNESCAP, as one of the regional commissions of the UN, was working on multiple fronts to support implementation of TFA. UNESCAP offered evidence based research analysis that took stock of progress made, and which components were lagging behind. UNESCAP was working with partners from the World Bank and other agencies. ESCAP was offering capacity building, for which there was a high demand, delivered mainly through the UN’s network of experts for paperless trade in Asia Pacific – a regional network of trade facilitation practitioners enabling knowledge sharing from world leading economies in this field. This network also offered annual courses on Single Window operationalization, together with the World Customs Organization (WCO) and Korea Customs, based on the integrated set of five legal and technical guides ESCAP has developed. UNESCAP

3 The full video can be found at: <http://www.maersk.com/en/the-maersk-group/about-us/publications/maersk-post/2015-2/can-the-cloud-lift-global-trade>.

had been working on the legislative front for several decades, providing a platform for the negotiation and implementation of regional arrangements aimed at reducing trade costs and increasing connectivity. UNESCAP had a mandate from its member states for regional connectivity and was providing support for transit and trade facilitation across borders. UNESCAP was also getting into connectivity through ICT, which would help electronic paperless trade. UNESCAP member states were negotiating the text of a unique regional treaty on the facilitation of cross border regional trade, and this regional treaty would reinforce implementation of the broader TFA that would help the region maintain its competitive edge and serve as a model for regional cooperation and development. Trade facilitation needed to be understood in the broader macro-economic context, and that it would help kick-start the trade growth and rejuvenate the global economy. She stated that trade facilitation needed to be depoliticised and as it was a great historic step, it requires a historic track record, because it would lend confidence to the future agenda.

Gilbert Langat, Chief Executive Officer, Shippers Council for East Africa, stated that while there had been progress in East Africa, the burden of import- and export-related procedures and documentation remained too heavy. There were many delays and penalties due to a lack of understanding of the procedures in the region, which called for the harmonisation of documentation and information flow. With an agricultural product, many agencies were involved in the issuance of permits and licences. From the private sector, this looked like a means to raise revenue, instead of facilitating trade, which was a major issue in the region. At regional level, trade facilitation had to be considered from the point of entry and exit, i.e. ports and border points procedures. However, many procedures were encountered between the points of entry and exit. He stated that there was a need to give more information to those operators participating in trade, noting that some 60% of business was done in the informal sector. He pointed to the single customs territory of the East African Community, which had initially started with a focus on imports, but latterly focused more on exports too. He recalled that most cargo in the EAC travelled by road – some 96% of all trade. The rail system did not function well, but they were improving it to enhance its capacity. The Single Window was being developed and there was the assistance by Asian countries. This was taking place in Kenya, Rwanda and other parts of the region,

with agencies helping to ensure that the customs systems being used (in Kenya, Simba, and ASYCUDA in other regions) are actually implemented. In a nutshell, once all this is done, the number of delays would be reduced, as well as the documentation, thus meaning that the cost of doing business would also reduce. For trade facilitation and aid for trade to work well, several actions were necessary in his view: coordination to mainstream trade and development strategies; getting the diagnostics right; involvement of the government and private sector – in East Africa, there had been a move towards this with the Mombasa Port Charter.

Eric G. Postel, Associate Administrator, United States Agency for International Development (USAID), highlighted the role of the private sector, noting that support of the TFA could come from a strong partnership between the business sector and donor governments, and identified “sequencing” as very important in this regard. The Malaba border crossing between Kenya and Uganda illustrated that the most important place to start is in the public-private partnership dialogue and getting the private sector involved very early on in the process. Joint border committees had been set up and they have made much progress in reducing border crossing times going down from about four days to two hours. In addition, the compliance cost that the truckers were dealing had been reduced by up to US\$50 million, demonstrating what was possible when sequencing was done well and in close partnership with the private sector. USAID was working closely with Mr Langat and the Shippers Council for East Africa to strengthen their capacity to ensure the involvement of the private sector and to start working with the governments around the region to enhance the competitiveness in relation to transport and logistics. TradeMark East Africa was also assisting in this area. He said that in looking to the future, the next step would be to have the private sector fully involved in the ratification of the TFA. He highlighted that a US side event would include a panel discussion of trade facilitation with a true partnership of business and donor governments (the Alliance) to put in place facilities that recipient countries could access to work on the schedule C portion of the TFA.

Kunio Mikuriya, Secretary-General, World Customs Organization (WCO), began by highlighting a time-release study conducted in East Africa. The World Customs Union provided initial assistance to East Africa in carrying out this study in 2012.

In carrying out time-release studies, the WCO recommended including all shareholders because the delays often be caused by by other government agencies, not customs. Businesses could also delay by not providing required data to regulatory agencies including customs – an important area was how to improve speedy submission of data. Based on this study, the WCO had recommended the development of an action plan to improve each stakeholder's performance through, for example, electronic documentation. WCO required standardised information from customs and other government agencies, the data model for which was the basis of the Single Window, which many countries were now implementing. They also recommended that with other government agencies, there should be more joint clearance at the borders. Finally, getting businesses on board was an important issue, so they had helped establish authorised economic co-operators, i.e. compliant traders, so that through dialogue and consultation, they could improve their compliance and customs could provide facilitation. As a result, this year, the WCO conducted a survey with a pilot project of companies that found that the time from Mombasa to Kampala was reduced by five days from the 18 days that the initial time release study in 2012 had found.

To implement the TFA, he argued that three 'P's' were necessary, namely: (i) political will; (ii) people's mind-set – in the past, customs focused on fiscal agencies and collection of revenue, whereas now, customs looked at contributing to economic competitiveness by streamlining border procedures which will in the end would increase revenue collection by enlarging the tax base; and (iii) partnership – the WCO's customs' business partnership had been updated and the organisation's 180 members are encouraged to dialogue more, regarding the needs of business. He described how this was being done in two ways: business understanding customs requirements and enlarging outreach to other government agencies, such as SPS, and find synergy in this area. In this he stated that there was no need to 'reinvent the wheel', as there was already a WTO agreement in place as well as WCO tools, such as best practices and the availability of experts.

Desmond Swayne, Minister of State, Department for International Development, United Kingdom (UK), stated that it was important for the donor country projects to deliver value for money. This could be ensured by having the organisations and individuals that were being assisted take

ownership of the projects. Working together with other donors and multinationals to fill the gaps through collaborative efforts would help ensure such 'value for money'. Also rigorous monitoring of costs and results throughout the project would help ensure delivery of value for money. He stressed that relatively small changes could make big impacts, such as TMEA's use of SMS messaging to deal with non-tariff measures (NTMs), which has cut the number of disputes by nearly half. The UK's current annual budget for Aid for Trade was some US\$1.5 billion, of which US\$260 million is specifically trade facilitation-related. He had also just authorised a further US\$23 million to help countries implement the TFA. The importance of the TFA was due to the huge benefits that would accrue, with the TFA believed to be worth about US\$100 billion to the world economy, of which US\$10 billion will accrue to Africa. In essence, the TFA would make a big difference to developing countries. In conclusion, he suggested that the issue was a basic one, a "bread and butter" that required the urgent ratification of the agreement in order to reduce trade costs and alleviate poverty.

Marcus Cornaro, Deputy Director-General, Directorate-General for International Cooperation and Development, European Commission (EU), stated that trade facilitation was of great importance to the EU. Within Europe, trade facilitation through the single market had added some 5-8% to aggregate EU wealth. Echoing Mr Swayne's earlier point, he suggested that it was the cumulative series of smaller measures that had enabled the EU to get this far. He noted that EU assistance combined software and hardware. A prominent project in East Africa, was the EU's team work on the Northern Corridor, blending funding available from the EU and other donors with concessional loans. A road axle had been developed that linked Burundi, the Democratic Republic of Congo, Rwanda, Uganda and Southern Sudan to the Kenyan seaport of Mombasa, with significant gains achieved. This had had to be enhanced with software, thus the push to continue to work to implement the TFA. He stated that the main vehicle was regional focus; therefore the EU has doubled what was available for regional cooperation, with a focus on making regional economic integration work, by improved trade arrangements. Calling for ratification of the TFA, he recalled that once the EU and its 28 member States ratified, a quarter of the total required votes for entry into force would have been secured. He noted the flexibility in the TFA for developing countries to articulate their assistance

priorities and the speed in which they would like to see various measures implemented. This would in turn help the EU, as one of the donors with longer term multi-annual commitments, prioritise their own support. He stressed that the TFA could boost the aid effectiveness agenda, to which the EU was committed.

Paul Steele, Senior Vice-President, International Air Transport Association (IATA), stated that air cargo spent 90% of its transport time on the ground waiting to be processed. Air cargo accounted for 0.5% of the volume of world trade, but this some 35% of world trade by value. Air cargo was therefore high value and time sensitive. He referred to the industry of cut flowers and the short video shown at the beginning of the session, stating that the Kenyan Flower Council estimated that 90,000 jobs depended directly on that trade, some 500,000 livelihoods in Kenya in total and that it accounted for 1.6% of the economy and approximately US\$1 billion in foreign exchange. The video underscored the difficulties faced by air cargo, such as the lack of coordination between different agencies, the absence of smart border solutions including Single Window, lack of automated procedures, e-freight, e-airway bill etc. In addition, there was no way to voluntarily complete customs formalities prior to landing to expedite clearance; many authorities did not use risk based approaches, tending to treat all cargo in the same manner, with the same lengthy procedures, the heightened security concerns in certain areas, so that all shipments had to be controlled. All these slowed air cargo down to the point where 90% of the travel time was spent on the ground.

In this context, the TFA represented a unique opportunity to facilitate cargo being moved by all modes of transport, and the air cargo industry was interested in all the provisions that support e-freight solutions, expedited clearance procedures, risk management solutions, mutual recognition agreements and that avoided duplication in procedures. Air cargo was an important contributor to the global economy especially for developing countries, therefore IATA had been investing in capacity building tools based on the WCO, International Civil Aviation Organisation and UNECE standards, which were well-suited to facilitating the implementation of TFA. These include programs such as e-freight, and secure freight that seek to expedite air cargo in a safe, secure environment. Successful roll-out of these programmes required strong collaboration between all the actors, and

not just the government. IATA was working well with WCO, UNECE, ICC and ICAO to offer tangible collaborative long-term solutions. They were also working with states to facilitate the ratification of agreements such as the 1999 Montreal convention that would facilitate the introduction of e-airway bills and the ratification of the TFA.

Alioune Sarr, Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal, highlighted that Senegal had been the first LDC to notify Category A commitments to the WTO and that TFA implementation was very important to West Africa. Customs harmonization was becoming a reality through WAEMU⁴ support with the same customs software being used between West Africans stated. He believed that the region could position itself well through TFA implementation. At this point, Africa's service sector makes up 0.6% of its exports. Gains in the service sector would be replicated in other sectors and improve intra-African trade. The TFA would allow greater trade between African countries as the commitment to trade reform would attract private sector investment. He noted that governance was also important and that an agreement at the 10th Ministerial Conference in December would be a major step forward.

Mr Thomas Silberhorn, Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development, Germany, provided insights into Germany's support to the ECOWAS' trade liberalisation scheme. Germany has provided partner countries with advice on legal changes in customs administration and how to meet quality standards necessary to reach the markets. Trade facilitation had a significant impact on investment, and was therefore a factor for competitiveness across the whole range of economic cooperation. This project sought to bring together the regional and national levels in this integration process ('everyday' business within the EU) on how to implement common standards in national economies. Germany, as the largest EU donor of Aid for Trade, contributed in 2013 US\$3.4 billion for aid for trade and trade facilitation and this commitment would increase this year to US\$5 billion. It showed that it was necessary to have a holistic perspective on the trading system, with a need to take into account the entire value chain and create new perspectives for developing countries in

4 West African Economic Monetary Union.

the framework of regional integration to create new regional value chains, which can be complimentary and a catalysing factor for integrating developing countries. The number of difficulties and obstacles to trade with developing countries lead to a lack of awareness among companies towards the economic opportunities across entire regions and continents. As an example, he noted that in Germany there are 370, 000 companies operating internationally, yet only 1,000 companies acting in Africa. This highlighted the huge potential to create awareness for the possibilities of better-integrated markets. He suggested that TFA implementation would help unlock this potential.

Session 3: Effective Implementation of SPS Measures to Facilitate Safe Trade

Moderator:

- › **Keith Rockwell**, Director, Information and External Relations Division, World Trade Organization
-

Panel discussion:

- › **Martha Byanyima**, SPS Expert, Common Market for Eastern and Southern Africa
 - › **Oscar Camacho Inostroza**, Deputy-Director-General, Agricultural and Livestock Service of Chile
 - › **Chusak Chuenprayoth**, President, Kamphaeng-Saen Commercial Co. Ltd, Thailand
 - › **Monique Eloit**, Deputy Director-General and Director-General Elect, World Organisation for Animal Health
 - › **Anabel González**, Senior Director, Global Practice on Trade and Competitiveness, World Bank Group
 - › **José Graziano da Silva**, Director-General, Food and Agriculture Organization
 - › **Mike Robach**, Vice-President, Corporate Food Safety, Quality & Regulatory Programs, Cargill
-

Border authorities responsible for sanitary and phytosanitary (SPS) requirements and some international standards setting bodies have expressed concerns that the WTO Trade Facilitation Agreement (TFA) could erode their ability to protect animal, plant and human health from risks arising from pests and diseases associated with the importation of food and plant products.

Recent research initiated by the Standards and Trade Development Facility suggests that countries can make progress in reducing SPS trade transaction costs, while simultaneously strengthening or reinforcing the protection of human, animal and plant health, through proper implementation of the WTO Sanitary and Phytosanitary Measures Agreement and implementation of measures in the TFA.

The aim of this plenary session was to debate the issue of how trade facilitation can be married with robust, science- and risk-based SPS controls, discussing implementation experiences and the role Aid for Trade could play in ensuring that these twin goals could be met.

The session began with the screening of a recently-released video⁵ by the Standards and Trade Development Facility (STDF) showing examples of good practice in implementing food safety and animal and plant health controls to facilitate safe trade at borders. The film described what Chile, Peru, and Colombia had done to speed up the flow of goods across their borders, while at the same time preventing the spread of pests or diseases among animals and plants and ensuring that food was safe for consumers.

José Graziano da Silva, Director-General, Food and Agriculture Organization (FAO), noted the crucial role that international trade can play in developing the agricultural sector and improving food security and nutrition, which went hand-in-hand with ensuring the safety of agri-food products. He emphasized the importance of science-based international standards in facilitating safe trade. He drew attention to the importance of coordination between the various national SPS and trade agencies to ensure effective implementation of SPS measures and to expedite the movement of goods. He suggested that a number of provisions of the Trade Facilitation Agreement could be considered “SPS plus” since they provided for obligations that went beyond the SPS Agreement. FAO believed that it should have a key role in supporting the implementation of the TFA Agreement.

Monique Eloit, Deputy Director-General and Director-General Elect, World Organisation for Animal Health (OIE), said that effective communication between international agencies and national institutions could greatly facilitate developing countries in producing safe products. She highlighted, in particular, the importance of strengthening the capacity of veterinary services and drew attention to the OIE’s Tool for the Evaluation of Performance of Veterinary Services (OIE PVS Tool) which allowed countries to establish priorities for capacity building and to carry out strategic initiatives. She urged inter-agency cooperation to avoid multiplication and burdensome inspection procedures. To this end, the implementation of risk-based approaches, the use of modern communication tools, such as database(s) and electronic certification procedures, would enable safe trade in goods.

Anabel González, Senior Director, Global Practice on Trade and Competitiveness, World Bank Group, said that facilitating safe trade in food was vital to global food security and important for poverty reduction. Globally, the rural sector required technical assistance to ensure compliance with international SPS standards and to increase agricultural trade. It was also important to constantly improve the design of national SPS systems and reduce the cost of compliance with these measures. She noted that trade facilitation had the potential to not only strengthen SPS systems, but also to streamline them, and recalled that food safety and efficiency were not mutually exclusive, but rather mutually supportive goals.

Martha Byanyima, SPS Expert, Common Market for Eastern and Southern Africa, referred to regional level initiatives to reduce SPS-related transaction costs while ensuring adequate health protection. It was important that African countries worked together to improve SPS controls and inspection services, and increase their participation in standard setting bodies. She highlighted the importance of looking at how SPS standards were implemented as well as the need to have effective and efficient SPS systems. In this regard, she noted that it was key to implement correctly SPS measures that were risk-based, non-restrictive and that involved simplified administrative procedures.

Oscar Camacho Inostroza, Deputy-Director-General, Agricultural and Livestock Service of Chile, shared the experiences of Chile and Latin America in reducing SPS-related costs, speeding transit times and strengthening border controls. One outstanding area of work was the improvement of pre-border controls and pre-risk assessment. He also emphasized the importance of electronic certification, citing the example of Chile’s partnership with China in this regard.

Chusak Chuenprayoth, President, Kamphaeng-Saen Commercial Co. Ltd, Thailand, noted that SPS systems needed to be effective and feasible and that measures should be risk-based and mutually recognized in order to avoid duplication. A key concern for the private sector was implementing processes that reduced waiting time and overly complex procedures. The public and private sector should foster a working relationship and promote cooperation to collectively benefit consumers globally. He further noted that private standards

5 The video is available at the following link:
<https://youtu.be/Eww1MsewAOk>

were an important feature in international trade and should not be ignored by the public sector.

Mike Robach, Vice-President, Corporate Food Safety, Quality & Regulatory Programs, provided information on the Global Food Safety Initiative (GFSI), a collaborative mechanism encompassing food safety experts from retailers, manufacturers and food service companies. Specifically, the GFSI's Global Markets Program helped small and/or less developed businesses develop food safety capacity. He noted that there were opportunities to develop systems for pre-shipment review to avoid rejection for reasons that were not scientifically justified. He remarked that the key challenge was that while the private sector had embraced the SPS Agreement and international standards much more work and cooperation was needed for national governments to do the same.

Session 4: Reducing Trade Costs in Central America through Trade Facilitation

This plenary session was organized jointly with the Inter-American Development Bank and the Secretariat for Central American Economic Integration.

Keynote speaker:

- > **Carmen Gisela Vergara**, Secretary-General, Secretariat for Central American Economic Integration
-

Panel discussion:

- > **Elena María de Alfaro**, Member of the Chamber of Commerce and Industry, and President of the Business Foundation for Social Action, El Salvador
 - > **Antoni Estevadeordal**, Manager, Integration and Trade Sector, Inter-American Development Bank
 - > **Jhon Fonseca**, Vice-Minister, Ministry of Foreign Trade, Costa Rica
 - > **Alejandro Gamboa Castilla**, Director-General, Presidential Agency for International Cooperation, Colombia
-

This regionally focused session addressed trade facilitation in Central America, examining how it fits with the region's trade and economic agenda, policies and measures to reduce the cost of trade, the needs of the private sector and stakeholder support to the integration process.

Key questions discussed included:

- What lessons could be learnt from on-going initiatives?
- What was the role of public-private partnerships? and
- What was the role of bilateral and South-South cooperation in ensuring successful trade facilitation interventions?

The session began with a video focusing on Central American integration and SIECA.⁶

Carmen Gisela Vergara, Secretary-General, Secretariat for Central American Economic Integration (SIECA), introduced the session by recalling that the economic integration process in Central America had begun in 1960 and that SIECA's role in that process had been redefined in 1993 through the Guatemala Protocol. A Council of Ministers for Economic Integration (COMIECO) had also been established to assist in the strengthening and expansion of the free trade zone in Central America. She informed that, following inclusion of Panama among SIECA's members, the Central American region was currently the seventh largest economy in the Americas. Central American integration was based on a customs union. She provided examples of changes that had taken place since 1960: SIECA's member states now stood at six, with the Dominican Republic and Belize also expressing an interest to join; 94% of tariffs within Central America were now harmonized; and the Central American region had increased its internal trade from US\$30 million to more than US\$8 billion in 2014. Inter-regional trade had increased even during the financial crisis and the region had maintained a growth rate that was higher than the rest of Latin America. She noted that currently more than 85% of trade was undertaken with countries with which the Central American region had free trade agreements and announced that the previous week the region had launched negotiations concerning a free trade agreement with South Korea.

Another reason why Central America as a region was attractive for foreign direct investment was because it offered a market of 45 million inhabitants rather than individual markets which on average represented only 7 million consumers. A number of large scale projects had been conducted over the last 50 years which sought to improve human resources, the region's main asset, as well as development of SMEs, e-connectivity, security, and trade facilitation. COMIECO recognized that economic integration was a viable alternative for development and would improve each country's competitiveness, and it was working with SIECA's partner institutions, with donors, and with the private sector to jointly achieve the region's integration objectives. In practical

terms, this entailed streamlining processes in order to facilitate trade, including customs, migration and security procedures using new COMIECO initiatives. It was also recognized that the Central American region needed to be competitive, productive and inclusive. It was for this reason that SIECA was working closely with international organizations and donors – such as the Inter-American Development Bank, the Spain-SICA Fund, the World Bank Group, the United Nations, Chinese Taipei and the EU, without which progress in this regard would not be possible.

Jhon Fonseca Vice-Minister, Ministry of Foreign Trade, Costa Rica, noted that countries in Central America faced difficulties in achieving economies of scale due to the size of their markets which was why regional integration was a viable development path. He said that these countries were engaged in creating a common foreign trade platform which would be the vehicle to access export markets. Of primary importance in this platform was the reduction of trade costs since countries in the region were experiencing logistic costs of about 40% of total costs, while in developed countries these costs were only at 8%. Trade facilitation measures would be equivalent to a 24% reduction in tariffs. Trade costs were also of concern for the private sector which had identified trade facilitation as the public policy with the greatest impact on development. Central America sought to adopt the best practices available to reduce trade costs which, in turn, would increase productiveness and competitiveness, increase trade flows, employment and welfare, and would reduce poverty.

On behalf of the private sector in the region, **Elena María de Alfaro, Member of the Chamber of Commerce and Industry, and President of the Business Foundation for Social Action, El Salvador**, said that to be competitive and to take advantage of new trade opportunities companies in Central America needed trade facilitation. It was also important to reduce trade costs to increase economic growth, attract foreign investment, generate more employment in the region and reduce violence. One important step forward in the process of regional integration was the fact that regional decision-making institutions were consulting with private sector industry confederations to explore what were the main impediments to trade. This had allowed the private sector to have a say in the regional road map for foreign trade.

6 <https://www.youtube.com/watch?v=EZZA1Qo1Qps&feature=youtu.be&a>

Alejandro Gamboa Castilla, Director-General, Presidential Agency for International Cooperation, Colombia, said that Colombia's development efforts had two main objectives, namely the internationalization of the economy and productive transformation. This required funding from development partners. For this reason Colombia had included chapters on trade capacity building in its regional trade agreements (RTAs) with developed countries and wanted to do the same in its RTAs with developing countries. One third of Colombia's outgoing foreign direct investment was focused on Central America which had contributed to increased trade flows. Colombia also saw the Inter-American Development Bank as an impartial authority which could generate consensus on the best practices for regional cooperation.⁷

Antoni Estevadeordal, Manager, Integration and Trade Sector, Inter-American Development Bank (IaDB), said that IaDB was investing in hard (infrastructure) and soft (regulatory policies) regional projects for economic integration against a target of at least 15% of IaDB financing going to regional integration projects. The Bank was also conscious that national capacity building projects would only really function in conjunction with regional interventions. It was also important to enhance dialogue between the public and private sectors. He informed that IaDB had used the Central American region to test some projects on trade facilitation, productive capacity and economic infrastructure and that some of these – such as the TIM (Goods in International Transit) – had proved successful and were now being extended to other regions. After Mr Estevadeordal's statement, a video was shown which highlighted TIM's contribution to reducing trade costs in Central American countries.⁸ The TIM project, now managed by SIECA, was being extended to Colombia and Ecuador.

7 Information on APC-Colombia can be found at:

<https://youtu.be/VHFWx20tFPQ>

8 The video is available at: <https://www.youtube.com/watch?v=7oxpjtW0IaQ&feature=youtu.be>

Session 5: The Role of Trade Facilitation in Supporting Africa's Regional Integration Agenda

This plenary session was organized jointly with the African Union, the African Development Bank, and the UN Economic Commission for Africa.

Moderator:

- [Natasha Walker](#), International Communications Consultant
-

Panel discussion:

- [Fatima H. Acyl](#), Commissioner for Trade and Industry, African Union
 - [Alassane Diop](#), Chief Executive Officer, Dubai Ports World Dakar, Senegal
 - [Abdalla Hamdok](#), Chief Economist and Deputy Executive Secretary, United Nations Economic Commission for Africa
 - [Ahmed Hamid](#), Commissioner, Trade, Customs, Industry and Free Movement Department, Economic Community for West African States
 - [Hiroshi Kato](#), Vice President, Japan International Co-operation Agency
 - [Moono Mupotola](#), Division Manager, Regional Integration and Trade Division, African Development Bank
 - [Alioune Sarr](#), Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal
 - [Thomas Silberhorn](#), Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development, Germany
 - [Hope K. Situmbeko](#), Aid for Trade Coordinator, Common Market for Eastern and Southern Africa
 - [Hanna S. Tetteh](#), Minister of Foreign Affairs and Regional Integration, Ghana
-

This regionally focused plenary session discussed the contribution that trade facilitation can make to the implementation of Africa's regional integration, notably in the context of the establishment of the Continental Free Trade Area (CFTA).

Trade facilitation can help promote effective regional integration in Africa, thereby concretely reaping the trade and development gains which the establishment of the CFTA promises. This aspect is particularly critical for landlocked countries that stand to gain considerably from the reduction in trade-related costs, as explicitly acknowledged in the Vienna Programme of Action.

Sainabou Taal, Trade Policy Analyst, World Trade Organization, opened the session by outlining the key findings of a UNECA report entitled “Reducing Trade Costs to Support Africa’s Transformation: the Role of Aid for Trade”.⁹ The report found that trade costs were falling in some regions but remained stubbornly high in others, particularly for intra-African trade. Overall, the OECD/WTO 2015 monitoring and evaluation (M&E) exercise confirmed that trade facilitation reforms were seen as promising interventions to reduce trade-related costs. Various examples drawn from the case stories submitted in relation to the M&E exercise indicated that well-planned trade facilitation projects could be very successful and could deliver “value for money”. The report confirmed that the continent was making headway on its integration agenda. The Joint COMESA-EAC-SADC Tripartite Free Trade Agreement (FTA), for example, was advancing, and negotiations toward a Continental Free Trade Area had begun. The WTO Trade Facilitation Agreement could give these on-going efforts further focus and forward momentum. Furthermore, leveraging foreign direct investment from within and outside the continent to close the infrastructure financing gap was an attractive option. Aid for Trade was adapting to these new realities and was also playing an important role in other areas.

Thomas Silberhorn, Parliamentary State Secretary, Federal Ministry for Economic Cooperation and Development, Germany, emphasized that, as a donor, Germany’s role in enhancing transparency and predictability of Aid for Trade was through the adoption of the guidelines on aid effectiveness and noted donor coordination as a key element. He also stressed the importance of private sector participation, particularly small- and medium-sized enterprises (SMEs). To help foster entrepreneurship, trade facilitation interventions should therefore also focus on creating strong institutions and the enabling environment.

Fatima H. Acyl, African Union (AU) Commissioner for Trade and Industry, noted the growth of Aid-for-Trade (AfT) flows to Africa over the last decade, with approximately 53% of AfT support going to infrastructure and 44% to productive capacity, but she urged for more Aid for Trade to be channelled towards industrial development. She also highlighted

the issue of volatility of AfT commitments and disbursements to Africa and stressed the need for predictability. With regional integration the main aim of the AU, she commended the positive steps forward taken by the continent in commencing negotiations towards the establishment of the Comprehensive Free Trade Area with a view to boosting intra-African trade. She recommended the prioritization of future AfT support to Africa in the areas of trade facilitation, infrastructure development and industrialization. She also highlighted the important role of women, and SMEs. She announced that the AU and UNECA would meet this year with all the Central Banks in Africa on the issue of access to finance.

Hanna S. Tetteh, Minister of Trade, Ghana, said that trade facilitation and the CFTA were essentially about creating regional value/supply chains. She opined that, to date, the focus had largely been on the main entry points (seaports and airports). In order to maximize impact, she recommended that interventions be targeted at trade hubs where SMEs were based, i.e. land borders, which would facilitate transit trade and regional supply chains. She also suggested that “soft” should be accompanied by “hard” infrastructure throughout the supply chain. Access to finance, the elimination of non-tariff barriers and cross-border infrastructure were identified as important elements in promoting the participation of women and SMEs. A biometric ID card in West Africa – to enter into force by 2016 – should increase mobility significantly. Concluding her remarks, the Minister stated that the implementation of the West African Common External Tariff and harmonizing customs processes were positive steps in the ECOWAS region.

Ahmed Hamid, Commissioner, Trade, Customs, Industry and Free Movement Department, Economic Community for West African States (ECOWAS), indicated that, in West Africa, trade facilitation had made significant progress over the past five years – particularly in relation to the free movement of natural persons. However, he noted that landlocked countries faced trade facilitation obstacles in terms of transport and storage, and energy. He expressed regret over the limited access to, and high cost of, credit for industrial and infrastructure development and also called for improvement in the quality of education and training. Commissioner Hamid identified the Lagos-Abidjan Corridor and the railway from Niamey to Cotonou as regional priorities in ECOWAS, together with upgrading of the banking system. Governments had

9 https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review15prog_e/uneca_final.pdf

a role to play here and Aid for Trade should focus on projects where the payoff will have the most positive impact (roads, railway and, most importantly, education). Finally, education was overarching in the sense that it needed to include vocational training, as well as the tertiary sector education.

Hope K. Situmbeko, Aid-for-Trade Coordinator, Common Market for Eastern and Southern Africa (COMESA), stated that the need for trade facilitation was evident and agreed by all. On impact, she highlighted some of the key areas where COMESA was taking steps to reduce trade costs in particular through adjustment facility programmes and simplified trade regimes to facilitate trade for SMEs. These projects had resulted in an increase in cross-border trade particularly for landlocked countries. The launch of the COMESA-EAC-SADC Tripartite Free Trade Area would also result in further reductions in trade costs. She noted that COMESA was providing adjustment support to its members to allow them to develop programmes to address the various constraints they experienced in taking advantage of the opportunities of regional integration, particularly the Tripartite Agreement.

Abdalla Hamdok, Chief Economist and Deputy Executive Secretary, United Nations Economic Commission for Africa, recalled that trade costs remained a key determinant of competitiveness due to the relevance of non-tariff measures (NTMs) and the outsourcing patterns of multinationals. He observed that rising labour costs in emerging economies gave Africa an opportunity to be the new frontier in global value chains. In this regard, Africa would have to focus attention on building strong regional institutions, infrastructure and human resources. He also observed that the momentum for regional integration was high and that African countries should ensure that they implemented the CFTA by 2017. Finally, he announced the development of a regional integration index to help track implementation of treaties at continental and sub-regional levels.

Moono Mupotola, Division Manager of the Regional Integration and Trade Division, African Development Bank, indicated that Africa had approximately US\$600 billion in reserves of which approximately half could be used to fully finance infrastructure shortcomings. She opined that the inability to tap into these resources was due to a lack of bankable projects. She called for capacity building in project preparation and, as an example

in this regard, referred to the Africa Trade Fund. On impact, she provided examples of honey value chain products in Rwanda and Zambia where SMEs had been linked to formal markets and provided with the necessary support.

Hiroshi Kato, Vice President, Japan International Co-operation Agency, was of the view that the term “aid predictability” was no longer relevant and that, rather, there was a greater need for predictability in policies, programmes and projects. He cited the Programme for Infrastructure Development in Africa (PIDA) as a best practice in ensuring predictability and recommended for similar master plans at the level of Regional Economic Communities. In his opinion, regional master plans would not only ensure investor confidence but would also provide an integrated approach to infrastructure development across countries. He suggested that infrastructure, human resource and private sector development were fundamental to stimulate growth – and stated that he would be happy to see Japan’s development policies continue to promote these three fundamentals.

Alassane Diop, Chief Executive Officer, Dubai Ports World Dakar, Senegal, called for private sector involvement in trade development programmes. In terms of impact, he said it was important to look at whether investments in reducing trade costs had been felt by the end user. In his opinion, a lorry waiting 92 hours at a border had lost productivity and he highlighted how trade facilitation through a public-private partnership at the Port of Dakar had resulted in reduced waiting time and increased cargo flow. He underlined the importance of the private sector lobbying governments to remove unnecessary barriers. One of the commercial challenges he identified were barriers on the Malian corridor. Persuading stakeholders that development of the corridor would have a positive impact for all was an important and challenging task.

Alioune Sarr, Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal, hoped that trade facilitation would not be treated as a passing trend and that the topic would remain in the trade and development dialogue. He proposed other areas for intervention, including a focus on SMEs (which constituted 90% of employment in Africa), creation of a favourable business environment and regulatory frameworks, and the need to promote intra-African trade. Trade facilitation should also focus on trade in services

which was an area that contributed to more than 50% of the gross domestic product of most countries. He noted that Senegal would spend US\$1 billion on railway upgrading, US\$1 billion on a 113km highway project to link major cities, US\$120 million to build a university, and on projects to improve food security such as promoting horticultural training (rice and various vegetables). He recommended that ECOWAS should continue to implement trade facilitation projects particularly for the movement of natural persons. In his opinion, trade facilitation would only work if business people could travel.

Session 6: Reducing Trade Costs in Asia and the Pacific

This plenary session was organized jointly with the Asian Development Bank.

Moderator:

- › [Shamshad Akhtar](#), Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific

Presentation of joint report:

- › [Alisa DiCaprio](#), Regional Co-operation Specialist, Economics Research and Regional Cooperation Department, Asian Development Bank

Keynote speakers:

- › [Tekreth Kamrang](#), Secretary of State, Ministry of Commerce, Cambodia
- › [Naindra Prasad Upadhaya](#), Permanent Secretary, Ministry of Commerce and Supplies, Nepal
- › [Marokon Alilee](#), Director General, Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business, Vanuatu
- › [Temate Melitiana](#), Permanent Secretary, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour, Tuvalu
- › [Barrett Salato](#), Senior Trade Officer, Ministry of Foreign Affairs and External Trade, Solomon Islands

Panel discussion:

- › [John Adank](#), Ambassador, Permanent Representative to the WTO, New Zealand
 - › [Merewalesi Falemaka](#), Ambassador, Permanent Representative of the Pacific Islands Forum to the WTO
-

This regionally focused plenary session focused on how countries in Asia and the Pacific are addressing trade costs in a changing international trade environment. It highlighted the specific challenges faced by exporters in the Pacific sub-region resulting from distance to markets.

The session also took a forward looking view towards the potential of Information and communications technology (ICT) and the digital economy to address trade costs and promote inclusiveness.

Alisa DiCaprio, Regional Co-operation Specialist, Economics Research and Regional Cooperation Department, Asian Development Bank (AsDB), presented the main findings of a new AsDB report titled “Aid for Trade in Asia and the Pacific: Thinking Forward about Trade Costs and the Digital Economy”.¹⁰ The report, funded with assistance from the Australian Aid Program, focused on three issues: e-commerce, inclusiveness of women in trade, and the Pacific region. She explained that, in recent years, ICT had taken a higher profile in Aid-for-Trade (AfT) spending. Better ICT infrastructure and increased usage could attenuate the geographical isolation of Pacific islands. Women-led firms could benefit from the proliferation of e-commerce, also because trade participation of SMEs was much higher through e-commerce as compared to traditional trade. And, given the small size of firms in the Pacific Islands, trade logistics needed to be adapted to small shipments.

Tekreth Kamrang, Secretary of State, Ministry of Commerce, Cambodia, said that Cambodia was confident that e-commerce represented an opportunity to reduce trade costs and increase growth. In recent years, Cambodia had improved its ICT infrastructure and increased ICT usage. Cambodian consumers had initially been wary of online shopping but she said that increased usage of ICT had helped build confidence for online business. In terms of policy, the Government had drafted an e-commerce law which would likely be adopted by end-2015.

Naindra Prasad Upadhaya, Permanent Secretary, Ministry of Commerce and Supplies, Nepal, highlighted the geographical difficulties and structural problems faced by Nepal which resulted in it being among the group of countries with the highest trade costs. After the recent earthquake, trade costs were higher than ever before and support was required to re-build firms’ production units and to help them regain export capacity. Support for infrastructure development was also urgently needed. He noted that support should also aim at improving the knowledge of local firms, for instance through skills training.

Marokon Alilee, Director General, Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business, Vanuatu, underscored that Vanuatu recognized the importance of ICT and its linkages to sustainable economic growth. He mentioned that three policies – on ICT, cybersecurity and universal access – had helped achieve connectivity improvements. Public private partnerships (PPPs) had enabled Vanuatu to connect to broadband via submarine cables. Increased competition in telecommunications had reduced prices and increased people’s access to ICT. Regarding Aid for Trade, he remarked that ICT would play a central role in various areas such as providing information on foreign markets or allowing distance education.

Barrett Salato, Senior Trade Officer, Ministry of Foreign Affairs and External Trade, Solomon Islands, noted that the Solomon Islands, which consisted of 900 islands, faced inherent challenges due to internal dispersion and remoteness from major markets. The Government considered policy interventions targeting physical and soft infrastructure as the key to unlocking trade and development. Based on its National Development Strategy, the Solomon Islands had adopted a National Transport Plan (2011), a National Infrastructure Investment Plan (2013), and a Trade Policy Framework (2015). He expressed appreciation to donors, noting in particular the AfT support from Japan to construct a port and a highway in Honiara, as well as support from New Zealand to construct a second international airport and road that connected the capital to a tuna cannery town and remarked that the latter would boost tourism and also presented an opportunity for fish exporters.

Temate Melitiana, Permanent Secretary, Ministry of Foreign Affairs, Trade, Tourism, Environment and Labour, Tuvalu, said that while Tuvalu had benefitted from AfT support for power and transport infrastructure the support was not enough to fully address its infrastructure constraints. Tuvalu faced challenges such as geographic isolation and lack of economies of scale. Furthermore, Tuvalu still needed to identify the products with which it could successfully engage in international trade. The Government had recently finalized a trade policy framework with the help of the United Nations Development Programme and the Enhanced Integrated Framework (EIF). The Trade Policy Framework had identified niche agriculture, tourism, labour mobility, and fisheries as areas where Tuvalu could tap into international markets. Several

¹⁰ <http://www.adb.org/publications/aid-trade-asia-and-pacific-thinking-forward-about-trade-costs-and-digital-economy>

economic infrastructure projects were ongoing, with further investments still required to improve connectivity and reduce trade costs in air services, shipping, telecommunications and banking services to facilitate e-commerce.

John Adank, Ambassador, Permanent Representative to the WTO, New Zealand, pointed to the fact that Asia-Pacific was a vast and extremely diverse region where a one-size-fits-all approach did not work. In recent years, New Zealand had re-oriented its AfT strategy towards sustainable development. For New Zealand, ICT was an AfT priority in the Pacific, not only in relation to infrastructure improvement, but also to increasing the usage of ICT in government services, health, disaster assistance, and by the private sector. Furthermore, internet access could help “brand” the Pacific Islands with respect to both tourism and products. He highlighted the importance of tourism, fisheries and agriculture sectors for the Pacific Islands. The creation of linkages between these sectors, i.e. local food supply to tourists, should be a priority. In addition, in relation to fisheries, partner countries should ensure that Pacific island countries could secure the full value of their resources by reductions in export barriers and fishery subsidies.

Merewalesi Falemaka, Ambassador, Permanent Representative of the Pacific Islands Forum to the WTO, underscored that the Pacific Islands faced higher trade costs due to their small size and geographic remoteness. The Pacific Islands Forum Secretariat, in collaboration with the World Bank Group, had organized workshops to help Pacific island countries prepare notifications and identify technical assistance needs. The implementation of the Trade Facilitation Agreement could facilitate regional integration of the Pacific Islands. She noted that despite the ICT and e-commerce opportunities, for example in the area of cultural industries, trade in goods was still hampered by high trade costs and supply side constraints, such as standards compliance, and continued AfT support was therefore needed. It would therefore be important for small Pacific least-developed countries to obtain support from the EIF.

In response to a question from the floor, **Ms DiCaprio** said that she considered logistics for small exporters and the harmonization of e-commerce laws as areas where more AfT support was needed. Another intervention from the floor highlighted the trade potential of ICT to enable services trade, and

the challenge with regard to the lack of cyberlaws in the Pacific Islands.

Shamshad Akhtar closed the session by highlighting that the different challenges faced by the Pacific Islands should not be looked at in isolation, but rather that a comprehensive approach should be taken. Furthermore, the Pacific island countries required special efforts in areas such as ICT and access to logistics services. Regarding the latter, she mentioned that maritime connectivity had been identified as a particular challenge for Pacific island countries at a recent UNESCAP event.

Session 7: Reducing Trade Costs for Islamic Development Bank Members

This plenary session was organized by the Islamic Development Bank Group.

Master of Ceremony:

- › **Hilda Ali Rashid Al-Hinai**, Deputy Permanent Representative to the WTO, Oman
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Moderators:

- › **Hani Sonbol**, Acting Chief Executive Officer, Islamic Corporation for Insurance of Investments and Export Credits and Deputy Chief Executive Officer, International Islamic Trade Finance Corporation
-

Keynote speakers:

- › **Saidrahmon Nazriev**, First Deputy Minister for Economic Development and Trade, Tajikistan
 - › **Marc Yombouno**, Minister of Trade, Republic of Guinea
-

Panel discussion:

- › **Abdolazeez S. Al-Otaibi**, Ambassador, Permanent Representative to the WTO, Kingdom of Saudi Arabia
 - › **Slimane Chikh**, Ambassador, Organization of Islamic Cooperation
 - › **Amr Ramadan**, Ambassador, Permanent Representative to the WTO, Egypt
 - › **Mariam Md Salleh**, Ambassador, Permanent Representative to the WTO, Malaysia
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Discussants:

- › **Tom Butterly**, Deputy Director, Economic Cooperation And Trade Division, United Nations Economic Commission for Europe
 - › **Margareta Davidson-Abdelli**, Counsellor, Swedish Embassy in Cairo, and Representative of the Swedish International Development Cooperation Agency in the Arab Region
 - › **Lassaad Ben Hassine**, Manager, AftIAS, International Islamic Trade Finance Corporation
 - › **Lilia Naas, Chief**, Office of the Arab States, International Trade Centre
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This regionally focused session addressed efforts to reduce the cost of trade among IsDB Group members in the context of a dynamic picture, characterized by continued high rates of growth of some IsDB members, on-going economic instability among others, and significant fiscal challenges arising from slowing commodity prices for many.

The issue of trade facilitation was examined against this background, with particular attention given to the examples of global excellence in transport and logistics in some IsDB member states and the challenges arising from cumbersome and time-consuming border procedures found elsewhere.

The challenge of raising standards across IsDB Members to align with those of the highest performers – who were often world leaders in their areas – was also discussed.

The session commenced with a summary of a series of recent activities that the IsDB had organized in relation to the reduction of trade costs and trade facilitation, the main event being the preparatory Regional Seminar “Reducing Trade Costs for Inclusive, Sustainable Growth” held in Amman, Jordan, on 21-23 April 2015.

Hani Sonbol, Acting Chief Executive Officer, Islamic Corporation for Insurance of Investments and Export Credits and Deputy Chief Executive Officer, International Islamic Trade Finance Corporation (ITFC), referred to the recommendations from the regional seminar held in Amman, namely that: the Trade Facilitation Agreement (TFA) was important to reduce trade costs; bilateral and regional trade agreements needed to be implemented to foster intra-Arab and international trade; assistance to reduce trade costs should focus on border procedures, transport and network infrastructures and non-tariff measures (NTMs); border procedures (i.e. trade facilitation) should focus on border agency cooperation; and private sector engagement was crucial.

Abdolazeez S. Al-Otaibi, Ambassador, Permanent Representative to the WTO, Kingdom of Saudi Arabia, stressed that in order to reduce trade costs, it was necessary to: upgrade rules and regulations; improve infrastructure; and use modern technology. Trade costs were also pertinent to services. He stressed that those IsDB member states that were eligible should take advantage of special and differential treatment. He also highlighted the importance of the private sector.

Marc Yombouno, Minister of Trade, Republic of Guinea, said that there were several projects under way in Guinea aimed at strengthening private sector infrastructure to reduce trade costs. He referred to the negative economic impact of the recent Ebola outbreak – particularly vis-à-vis the private sector – and emphasized that any IsDB financial framework should have a built-in resilience mechanism to manage such crises.

Slimane Chikh, Ambassador, Organization of Islamic Cooperation (OIC), noted that the 5th Global Review would help towards meeting the challenges of 21st Century cooperation between the Gulf nations. He highlighted the work of the Consultative Group meetings over the past seven years and noted the current ten-year plan of action (2016-2025) which would focus at further developing intra-OIC

trade. He also stressed the importance of the private sector as well as national and regional security in the trade dialogue.

Amr Ramadan, Ambassador, Permanent Representative to the WTO, Egypt, discussed the particular importance of trade due to the rise of global value chains. He stated that there were a number of issues that would help to reduce trade costs which were not directly related to trade facilitation (i.e. border elements). Infrastructure challenges were high and projects, such as the enlargement of the Suez Canal, would contribute to reducing trade costs. A particular concern for OIC countries was to improve their input to value addition in production. He reiterated the importance of the private sector (including SMEs) and noted that other focus areas in the trade cost reduction discourse included countries’ legal frameworks, institutional capacity and human resources.

Mariam Md Salleh, Ambassador, Permanent Representative to the WTO, Malaysia, provided an overview of Malaysia’s experience and its international and regional trade profile. She said that other countries could learn from Malaysia’s experience. Noting that Malaysia had been the fifth country to ratify the WTO Trade Facilitation Agreement, she said that trade facilitation was a key priority for Malaysia and was in line with its role as current chair of ASEAN.

Tom Butterly, Deputy Director, Economic Cooperation and Trade Division, United Nations Economic Commission for Europe (UNECA), highlighted the UNECE’s 50-year involvement in the area of reducing trade costs and said that concrete results would hinge on Road Maps and Strategic Action Plans which were usually domestically approved. The TFA, however, did play a key role as it was the mechanism that produced action. The UNECA’s Trade Facilitation Implementation Guide¹¹ was one of the tools to achieving these results and he recommended the use of global standards in the implementation of trade facilitation which would encourage a smooth elimination of unnecessary procedures. There were many tools that could be utilised in respect to trade facilitation, including National Trade Committees which could play a key role in achieving policy goals (including the

11 <http://tfig.unece.org/>

development of Road Maps), and the peer-to-peer UN network of experts in TF used in Asia.

Margareta Davidson-Abdelli, Counsellor, Swedish Embassy in Cairo, and Representative of the Swedish International Development Cooperation Agency (SIDA) in the Arab Region, referred to the origins of Sweden's support, both in the Arab region and internationally, which included Sweden's decision to link both aid and trade for development. She informed that SIDA's current strategy would conclude in December 2015 and that a new strategy – which would include economic integration and working conditions/labour market – was under consideration. The overview of SIDA's support highlighted the need to build capacity and provide technical assistance in order to ensure programme sustainability. Capacity building and technical assistance were being delivered in the areas of technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures. She stressed the importance of actions plans that would implement the basic WTO agreements – especially TBT and SPS – due to the pressing issue of food security.

Lassad Ben Hassine, Manager, AfTIAS, ITC, provided examples of IsDB's AfT initiatives and programmes. He referred to the Aid-for-Trade Initiative for the Arab States (AfTIAS)¹² which had been launched in 2013 to assist Arab States in trade development by building their competitiveness and success in regional and global markets. In 2014, the Initiative had implemented five projects relating to: NTMs; enhancement of border control management; promotion of regional integration; skills for trade and economic diversification; and capacity building to assist in WTO accession. He concluded that, to reduce trade costs, it was necessary to improve infrastructure and develop shipping networks and to build more ports.

Lilia Naas, Chief, Office of the Arab States, International Trade Centre (ITC), provided information on ITC's role in the reduction of trade costs in the Arab region and globally. She said that high trade costs had a direct impact on the capacity of the private sector to reap benefits from the available business processes and from globalisation. ITC's projects included NTM surveys, the results of which showed that: most NTMs

affected regional trade; home-country measures were exacerbating trade; procedural obstacles were more problematic and increased trade costs; and there was a lack of information and transparency. ITC's support also targeted customs procedures, rules of origin, technical barriers to trade, and sanitary and phytosanitary measures.

Questions and comments

A member of the audience remarked that the Arab region and developing countries could utilise international instruments more effectively to reduce trade costs. Several instruments already existed, such as the TIR Convention (Customs Convention on the International Transport of Goods under Cover of TIR Carnets) and the Customs Transit Convention, which had largely benefitted the Arab region. Another participant stated that accreditation was a tool to build trust and increase confidence, reduce cost, warranty sustainability.

Tom Butterly, UNECA recommended that the region take a focused approach and use the Business Process Analysis Initiative to see where cost and time was incurred and to benchmark them. He said that the Initiative was an effective and practical way to implement trade facilitation in a country or even regionally.

12 <http://www.itfc-idb.org/en/content/aid-trade-initiative-arab-states>

Session 8: Access to Cooperation for Small and Vulnerable Economies through the Aid-for-Trade Initiative

Moderator:

- › **Gyan C. Acharya**, UN Under-Secretary-General and High Representative for the Least-developed Countries, Landlocked Developing Countries and Small Island Developing States

Panel discussion:

- › **Wayne McCook**, Ambassador, Permanent Representative to the WTO, Jamaica
 - › **Arnold Jorge**, Director, Multilateral Aid for Trade Section, Department of Foreign Affairs and Trade, Australia
 - › **Lautafi Fio Selafi Purcell**, Minister for Public Enterprises, Samoa
 - › **Jodie Keane**, Economic Advisor, Trade Division, Commonwealth Secretariat
 - › **Carmen Gisela Vergara**, Secretary-General, Secretariat for Central American Economic Integration
-

Many small economies face specific challenges in their participation in world trade. Low economies of scale and limited natural and human resources are further exacerbated by high transport costs. Physical isolation and geographical distance to markets are just two of the explanatory reasons for high trade costs, a situation made worse by low volumes of trade – a disincentive for commercial traders and transport companies.

Recent WTO research on the participation of small economies in global value chains has shown that by attracting more investment, reducing trade costs through specialization and improving labour skills, small economies can in fact add more value to their production processes in such diverse sectors as fish, textiles and tourism services.

A range of bilateral and multilateral agencies are providing Aid-for-Trade support to small economies in the Pacific, African, and Caribbean/Latin American regions. Donor and partner experiences have thus far been varied.

This session examined the positive and negative outcomes emerging from efforts to help small economies gain more from trade.

Setting the scene for the discussion, **Gyan C. Acharya, UN Under-Secretary-General and High Representative for the Least-Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS)**, asked how Aid for Trade could further assist Small and Vulnerable Economies (SVEs) in the Pacific, the Caribbean and Central and South America.

Lautafi Fio Selafi Purcell, Minister for Public Enterprises, Samoa, said that with regard to Aid for Trade (AfT) Samoa had benefitted from assistance from the Enhanced Integrated Framework (EIF) and had graduated from LDC status in 2014 and noted that, thus far, the transition was progressing smoothly. He explained that Samoa wished to maintain as many LDC benefits as possible but was also seeking to strengthen its regional integration through more trade with Pacific states. In this regard, agriculture, trade facilitation and tourism projects were being implemented and trade and investment was being promoted. He said the EIF had helped to push trade capacity and to strengthen relations with the private sector, an area where the Government sought to further strengthen ties.

Arnold Jorge, Director, Multilateral Aid for Trade Section, Department of Foreign Affairs and Trade, Australia, said Australia was strongly committed to the Pacific and noted that the region had complex challenges and that there had been instances where AfT projects could have been better implemented. He explained, for example, that there had been projects where more consultations would have helped partners to ensure the smooth functioning of an entire value chain, i.e. from storing products in warehouses to marketing those products overseas. He also said donor efforts could have been less conservative and more ambitious, especially as concerned projects with the private sector. Also, in order to further reduce the cost of trade in the Pacific, he noted that more emphasis should be placed on ensuring sustainable economic growth and on integrating women into the region's AfT programmes. He said future efforts would focus more on regional trade arrangements such as PACER Plus¹³ and programmes which helped states meet food quality standards, gain more from mobile banking systems and from e-commerce platforms.

Carmen Gisela Vergara, Secretary-General, Secretariat for Central and American Economic Integration (SIECA), said that SVEs faced difficulties and needed to engage regionally. She explained that governments in Central America had been trying to improve their economic integration for over 50 years and that the private sector was now urging governments to exercise more political will to making deeper regional integration a reality. One key area of activity concerned the reduction of paperwork to clear goods and to tackle both the hardware and software issues of implementing trade facilitation. In regard to the hardware, the region was implementing a competitiveness strategy and was being assisted by the United States Agency for International Development and the Inter-American Development Bank. Clearance systems now took into account Central American trademarks and had implemented advance rulings to help speed up the clearance of goods in transport. With regard to software, SIECA served as a hub for handling electronic clearance documents and was now behind the effort to merge five different reporting requirements into one electronic clearance document, handling about one million requests a year.

Wayne McCook, Ambassador, Permanent Representative to the WTO, Jamaica, explained that SVEs faced difficulties with large infrastructure projects such as airports and often needed external assistance. He said that small states now clearly understood that whatever helped a country to trade better was considered as Aid for Trade. He informed that with its 2013 Aid-for-Trade strategy, CARICOM was focusing more on assisting countries to gain market presence in key export markets. The Strategy consisted of taking a holistic look at what was needed, upgrading key economic infrastructure, and ensuring that freight logistics worked. The region continued to face challenges in connecting its various states but several donors, mainly the European Union, Canada, and the United Kingdom, had projects in place to encourage enterprise innovation, export development and business reform.

13 Pacific Agreement on Closer Economic Relations (PACER) Plus. See <http://dfat.gov.au/trade/agreements/pacer/pages/pacific-agreement-on-closer-economic-relations-pacer-plus.aspx>

Jodie Keane, Economic Advisor, Trade Division, Commonwealth Secretariat, explained that donors did not always understand the needs of small states and that AfT flows to SVEs tended to be erratic and unpredictable. Since 2005, there had been a cumulative shortfall of some US\$2.3 billion between what had been committed and what had actually been disbursed. Moreover, SVEs received 1% of AfT flows as compared to 7% for LDCs. Furthermore, the Caribbean received less than the Pacific and Africa. She explained how different regions were attracting different amounts of assistance and that there were also stark differences in the kinds of projects being funded with, for example, the Caribbean focussing more on trade-related adjustment, skills building and improving productivity, and the Pacific region more on addressing issues linked to transportation and storage.

Questions and answers

Participants discussed the need for more private sector investment and asked how small states could attract more private sector funding. Comments were also made about the growing levels of government debt and problems with securing funding from donors who were increasingly looking to differentiate small states depending on their per capita income levels. Some believed that regional funds could help tackle both of these challenges. Views were expressed about the need to focus more on global value chains and enhanced competitiveness and the possibility of having a specific Aid-for-Trade framework for SVEs given the many challenges these economies faced.

DAY 2 – 1 JULY 2015



DAY 2 – 1 JULY 2015

Session 9: WTO and Development: Looking Ahead to the Nairobi Ministerial Conference

Moderator:

- > **Keith Rockwell**, Director, Information and External Relations Division, World Trade Organization
-

- > **Panel discussion**

- > **Roberto Azevêdo**, Director-General, World Trade Organization
 - > **Amina Mohamed**, Ambassador, Cabinet Secretary, Ministry of Foreign Affairs and International Trade, Kenya
-

In 2015, the WTO marks its **20th anniversary**. The system of transparent, multilaterally-agreed rules that the WTO embodies has made a major contribution to the strength and stability of the global economy. The WTO has helped to boost trade growth and resolve numerous trade disputes. Over the past 20 years, global trade in goods has nearly quadrupled, reaching US\$19 trillion in 2013 compared with US\$5 trillion in 1996. Not only has world trade expanded on average by 7.6% annually in the period 1995-2015, but the developing world's share of global trade has also grown to reach almost half. The WTO's 2014 **World Trade Report** termed the rise of the developing world as the most significant economic event of our time. The authors noted that "partly because of the shift to more outward-looking economic policies, partly because of the impact of new transport and communications technologies, and partly because the world economy is more open than ever before, emerging economies have been able to harness globalization to achieve unheard-of rates of economic growth – with 11 economies, representing half the world's population, growing collectively at over 6 per cent a year since 2000".

Among developing countries, while many have seen trade bolster their economic growth and poverty alleviation, others continue to face the same trade-related infrastructure and supply-side constraints that motivated Ministers to launch the Aid-for-Trade Initiative in 2005 - and to reconfirm their commitment to it at the WTO Bali Ministerial Conference in December 2013.

The aim of this session was to survey what has been achieved on trade and development since the WTO's creation and to look forward to the challenges that lie ahead, examining the role of Aid for Trade in addressing these issues - particularly in the context of the WTO's Ministerial Conference in Nairobi in December 2015.

The Ministerial Conference, the WTO's first in Africa, offers an opportunity to build on past achievements and to map a way forward for the Organization. As a guide to what is at stake, Kenya's Cabinet Secretary, Ministry of Foreign Affairs and International Trade, and the WTO's Director-General offered their thoughts and replied to questions from Members.

A short video, "Transforming Lives", was screened featuring a Kenyan truck driver and his family which provided a clear message on how reducing trade costs could transform lives.¹⁴

14 A continuous screening of the video was provided in the Atrium.

Remarks by the Director-General, World Trade Organization

I am delighted to be joined today by our friend and colleague Ambassador Amina Mohamed, Kenya's Cabinet Secretary for Foreign Affairs and International Trade.

Of course, Ambassador Mohamed is also the Chair of the WTO's 10th Ministerial Conference which will be held in Nairobi on 15-18 December this year.

And that Conference is what we are going to talk about this morning.

It is the focus of much of our work this year at the WTO. So, like our friend in the video, we are all on the road to Nairobi!

We only have a short session this morning, so I want to say just a few words about why I think this work is so important.

This Ministerial Conference will be our first opportunity since our successful meeting in Bali in 2013, to show that the multilateral trading system can deliver new negotiated outcomes – particularly for the poorest and most marginalised.

It will also be the first time that a WTO ministerial has been held in Africa. And I think that the acid test of our success will be whether we can deliver for Africa.

Perspectives on trade have changed in recent years.

It was notable that a recent survey of global public opinion found that it was not the people of Asia or North America who have the most positive view of trade – but the people of Africa.

Trade is increasingly seen by many – quite rightly – as a powerful tool for development.

We all know that 2015 is a big year in the sustainable development calendar, with the new sustainable development goals, their financing, and the future of the climate all being discussed at the multilateral level.

Trade has a big role to play in this debate.

Since the creation of the WTO in 1995, around two-thirds of poverty reduction has come from economic

growth in developing countries. And trade is a major engine helping to drive that growth.

The WTO has provided more and more developing countries with a seat at the table – where their voice is heard just as loud as any other.

Today developing countries make up four out of every five WTO Members.

They play a key role in managing the system, shaping its agenda, and negotiating its agreements.

And they are increasing their participation in world trade.

Developing countries' share in global merchandise trade has increased from 27% in 1995 to over 43% today. In commercial services trade, the share has risen from around 25% to roughly 35% over the same period.

So huge strides have been taken. But, clearly, we need to do more. And one area where the WTO has struggled to deliver is through our negotiations.

That's one reason why the successful Bali package that we delivered in 2013 is so important.

It showed that Members can deliver important negotiated outcomes – and that it could do so with development at its heart, and with developing countries playing a leading role in the negotiations.

The package included:

- The Trade Facilitation Agreement to cut trade costs;
- a series of measures for LDCs; and
- steps on various agricultural issues, including cotton and food security.

Bali was a first in many ways. It was the WTO's first multilateral agreement of course. But it also broke new ground in the technical assistance which it foresaw to support members with implementation. We already have started delivering this support through the Trade Facilitation Agreement Facility.

Thus, providing practical support to build capacity is another crucial element of our work.

That's what Aid for Trade is all about. To date, more than US\$245 billion have been disbursed for official development assistance programmes and projects.

So how can we make sure that trade, and the WTO, keep on playing their role in supporting development – and leverage trade's contribution even more?

I think that at the multilateral level we have two key tasks to support growth and development: First, we must move forward and implement the Decisions taken in Bali, to ensure that the significant benefits promised are delivered. And, second, we must make further progress on the Doha Development Agenda.

The big Doha issues of agriculture, industrial goods, and services, have languished on the negotiating table for far too long.

Results here could transform lives across the world.

I think Members are focused on agreeing meaningful outcomes to support growth and development in Nairobi in December.

And I will do everything I can, together with the Secretariat, to support Members in this effort.

We have had a huge range of conversations and consultations so far this year. And we have made progress in terms of real engagement on the big issues.

But it has not been easy.

The path forward still remains far from clear. And this is why it is now time to get serious and start taking the important political calls.

We must map out a clear road to Nairobi, which will enable us to deliver in December.

A successful conference in Nairobi would be the ideal finale to this historic year for development.

And it would provide a tremendous impetus for all of our work, across all of the areas that I have outlined.

As Amina has graciously said, "hosting the Ministerial Conference in Kenya is not only Kenya's pride, but the pride of the entire continent of Africa."

And I think there is a real sense of expectation out there. I mentioned earlier the positive attitude which many across the continent have towards trade as a driver of development.

Let's reward that faith.

I think we share the responsibility to ensure that trade continues to play its full role in development, and in continuing to improve the lives of people in Africa and around the world, in a very concrete and practical manner.

Nairobi is an opportunity to get something done right now. We should not let it slip.

Thank you.

Remarks by Amina Mohamed, Ambassador, Cabinet Secretary, Ministry of Foreign Affairs and International Trade, Kenya

Thank you, Roberto, for inviting me to this 5th Global Review. Thank you for your leadership of the WTO at this challenging moment. As I thank you Director-General, I praise your entire staff in the Secretariat – all of them – who have organized this mammoth and worthy 5th Global Review! I have been here before! I know what it takes, in energy, dedication, creativity and organizational competence to implement this! The WTO deserves a solid round of applause!

This is a year of anniversaries and landmarks: 20 years of the WTO. Ten years since the launch of the Aid-for-Trade Initiative in 2005. And a year in which the 10th WTO Ministerial Conference will be held, for the first time in Africa, in Nairobi. So, as we mark these anniversaries and acknowledge these landmarks, it should also be a moment for reflection. What have we achieved? What should we do to improve the chances that the future trade and development will be coherent, poverty-reducing, and welfare enhancing?

I am pleased to be here today with all of you to participate at this 5th Global Review of Aid for Trade. This year's theme is "Reducing Trade Costs for Inclusive, Sustainable Growth".

The original design of the Aid-for-Trade agenda remains solid and unquestionable. The rules-based Multilateral Trading System requires a development dimension. However defined, surely, the ultimate aims of trade policy and trade rules must be poverty reduction, growth, welfare and development that work for all members of the global economy. We have a WTO that functions reasonably well, although there is scope for improvement. Even as we seek to improve, strengthen and adapt the WTO to an ever-more challenging global environment, the foundation of the WTO is solid. On this foundation, we shall and must continue to build.

This year's Global Review is timely. It is our biennial opportunity for collective stock-taking, assessment and planning, to ensure that Aid for Trade delivers to assist developing countries, particularly least-developed countries (LDCs), to build their supply-side capacities, trade-related infrastructure required to benefit from the rules-based Multilateral

Trading System and, participate, meaningfully, in an increasingly competitive global economy.

So, Aid for Trade is an important component of the supply-side aspects of the development dimension of the WTO (not just the Doha Development Agenda).

Yet, we also know that domestic reforms, including structural reforms, must accompany capacity-building, for sustained growth and development. This is one fundamental lesson that we have learned, collectively, from the results of WTO accessions, as well as from our own experiences. Members that have joined the WTO since 1995 have acceded, using accession negotiation as an instrument of domestic reforms. We should underline the lesson that domestic reforms are also central to competitiveness, sustained growth and development.

And here again I would like to congratulate Roberto for the recent remarkable achievements in the area of accessions – a domestic reform approach to growth and development. I join other WTO Members to welcome the conclusion of the accession of Kazakhstan. Liberia, an LDC, should shortly be concluded. Afghanistan, another LDC, is on queue for later this year and, possibly, by Nairobi.

Let us take a broader look at 2015. This year should mark a significant year for the development agenda. Major global negotiations presently underway are expected to mature and yield harvest this year.

The international community will soon gather in Addis Ababa, Ethiopia, for the Financing for Development Conference (arising from the Monterrey Consensus). Much work has been done. It now has to be concluded. Implementation will be critical.

The Post-2015 Development Agenda is intertwined with the Sustainable Development Goals; environmental protection is a sacred global goal. This is why every effort must be made to conclude a new Climate Change agreement, arising from the United Nations Framework Convention on Climate Change.

And the WTO must play its role by contributing to growth and development, through a Work Programme that enables the Organization to satisfactorily conclude the DDA and strengthen the Organization in all pillars of its work: regular work; multilateral negotiations, including accessions; and, dispute settlement.

The outcomes from the work of the WTO must always be substantive and concrete and contribute to real and lasting results for growth and development.

I argue that multilateralism has a development value. In this 20th year of the WTO, we should seek to strengthen trade multilateralism. The GATT/WTO has played an important role in strengthening multilateralism. It has promoted an inclusive and open rules-based and non-discriminatory trading system. It has contributed to rapid economic growth. The legal and policy framework of the WTO remains a bulwark against protectionism. For those who cynically raise questions about WTO relevance, collectively, we should ask them 'so, why is it that over 30 new Members, now accounting for approximately, 20% of the WTO Membership, acceded since 1995'? The WTO has contributed to the enhanced welfare in these Members and to growth in the global economy. Twenty more are negotiating their membership.

Our collective duty is to continue to strengthen the WTO as a rules-based Multilateral Trading System. We need to work together to ensure that we fuel the engine of trade multilateralism. Increased trade contributes to global economy recovery and growth and in doing so, raises the living standards of the less developed.

We can and we must focus on tangible outcomes between now and MC10 in Nairobi. We have set a goal to ensure enough ratification of the Trade Facilitation Agreement (TFA), so that by Nairobi it comes into force.

It is therefore important that Members should expedite their Domestic Ratification Process, so that by end of November this year we would have achieved the threshold of two thirds of the total number of Acceptances required for the TFA to enter into force.

Kenya is pushing and soon we should deposit Kenya's Instrument of Acceptance of the Protocol on the Trade Facilitation Agreement. The TFA will streamline customs processes. Red tape and administrative

costs associated with exportation and importation of goods will be reduced. You know the estimates – give or take – the Trade Facilitation Agreement should increase global GDP by US\$1 trillion per annum and create 21 Million jobs. It may be more. It may be less.

The common theme from Plenary and Panel discussions yesterday is that high trade costs are a brake on trade integration, growth and development. Trade Facilitation is a policy good for countries in an integrated and competitive global economy.

The establishment of the Trade Facilitation Agreement Facility has been valuable. It is a critical and concrete mechanism where Aid for Trade helps developing and least-developed countries to reap the benefits of trade facilitation.

Yet, reduction of trade costs and trade facilitation are not stand-alone measures. They must be accompanied with an agenda – a Work Programme for trade opening. We, the Members, have placed a heavy responsibility on the shoulders of our Director-General. But we must give him the scope and flexibility to lead and develop a Post-Bali/Nairobi Work Programme that is realistic, balanced and meaningful – that reduces trade barriers, contributes to global economic recovery and growth for all: developed, developing, and least-developed. It cannot work in any other way. Benefits must be shared.

The work programme will have to strike a balance between the core areas of negotiations namely agriculture, NAMA and services; and the special needs and interests of the developing and least-developed countries. The development aspects will be horizontal and integral across all elements of the work programme.

We cannot build from nothing. We have to build on the progress that we have achieved through years of negotiations, the decisions that were taken in Bali in order to draw up with a work programme – adapting, updating and modernizing as we continue to fortify and extend trade multilateralism.

Time is turning against us. The solutions have to be found and found here in Geneva – well in advance of Nairobi.

Our common objective is that the Nairobi Ministerial Conference will be a forum where we can harvest specific outcomes that I have discussed with you today: accessions; an ambitious Post-Bali/Nairobi Work Programme; and, the coming into force of the TFA.

Let us take stock again when we meet in October for the WTO Public Forum.

This biennial Global Review is a first class idea, being superbly implemented. It has emerged as one of the flagship activities in WTO engagement with the global community. Keep it going and remain creative.

I thank you all for your attention.

Questions and comments

In reply to the **Moderator's** question on how the TFA was important for Africa, **Ambassador Mohamed** said that the TFA must be ratified by the time of the Nairobi Conference, and remarked that Kenya and East Africa were “totally convinced” and needed to convince others. She gave detailed and concrete examples of the tremendous gains in competitiveness, and the reductions in time and cost of doing business through the Port of Mombasa, and the need for application of resources through hard infrastructure and public-private partnerships (mentioning also the standard gauge railway from Mombasa to destinations including Kampala, Kigali, etc.). In short, trade facilitation had done a lot for Kenya, with some aspects requiring resources, while others did not require much at all to achieve concrete results.

Session 10: Reducing Trade Costs in South-South Trade

Moderator:

- › **Shishir Priyadarshi**, Director, Development Division, World Trade Organization
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Panel discussion:

- › **Alejandro Gamboa Castilla**, Director-General, Presidential Agency for International Cooperation, Colombia
 - › **Alhaji Usman Boie Kamara**, Minister of Trade and Industry, Sierra Leone
 - › **Pranav Kumar**, Head, International Trade Policy, Confederation of Indian Industry
 - › **Saidrahmon Nazriev**, First Deputy Minister for Economic Development and Trade, Tajikistan
 - › **Syed Tauqir Shah**, Ambassador, Permanent Representative to the WTO, Pakistan
 - › **Jianhua Yu**, Ambassador, Permanent Representative to the WTO, People's Republic of China
-

South-South cooperation is an established feature of the Aid-for-Trade landscape. A growing range of actors are engaging in this area, and new institutions are emerging. One distinguishing feature of much South-South cooperation is a focus on infrastructure development and upgrading – addressing a constraint that developing countries consistently rank as highest among the factors limiting their participation in global trade.

Twenty years ago South-South trade accounted for approximately 10% of world trade; today this figure is up to 30%. Strong growth rates in emerging economies are keeping South-South trade flows dynamic. Developing economies account for over half of global foreign direct investment flows – with an increasing portion of that investment emanating in the south. As such, it is not just South-South actors that are seeking to tap into this growth sector of global trade.

The aim of this session was to examine the opportunity for economic transformation in the context of the UN's emerging Post-2015 Development Agenda offered by South-South trade and how action to address high trade costs could help promote this economic opportunity.

Shishir Priyadarshi, Director, Development Division, World Trade Organization, noted that the importance of South-South trade – and of developing countries and emerging economies setting the trade development agenda – had increased many fold in the last two decades. This had been highlighted in a recent event as one of the most significant changes in the global trading arena over the last 20 years. South-South trade had, in value terms, overtaken North-South trade. As for South-South development cooperation, this was not just about development assistance, but also about trade and investment flows. Discussion on South-South development cooperation had gained increasing prominence in the Global Review. The important role that emerging developing economies were playing in South-South cooperation was today well recognized.

Pranav Kumar, Head, International Trade Policy, Confederation of Indian Industry (CII), noted the private sector's important role in South-South development cooperation, particularly in the context of Aid for Trade and the mobilization of alternative sources of development finance. The share of South-South trade in total exports of developing countries had increased from 40% in 2000 to 59% today. He noted implementation of a private-sector related project (with the International Trade Centre and the UK Department for International Development) to link India with East Africa which underlined the importance of linking South-South cooperation and trade and investment. As result, investment had almost tripled from just over US\$6.4 trillion to US\$18 trillion. Foreign direct investment (FDI) was also important. Over the last ten years India, China, and Brazil had become increasingly important sources of FDI. Improved trade, investment and growth could be achieved by better merging private sector goals and governments' development goals. While aid – and Aid for Trade – could facilitate trade and development what was needed for sustainable growth was investment for trade. He referred to the CII India-Africa Conclaves which framed cooperation between the India and Africa private sector. Almost 2000 projects worth US\$172 billion had been discussed since the Conclave's launch in 2005. A similar exercise – the South Asia Economic Conclave – had also been launched with the support of the World Bank Group. He opined that value chains cannot be created without reducing the cost of doing business.

Sharing experience of South-South trade and partnerships, **Jianhua Yu, Ambassador, Permanent**

Representative to the WTO, People's Republic of China, noted that inclusive development called for collective actions by developing countries and least developed countries (LDCs) to participate in global trade. According to WTO figures, South-South trade had risen to 45% of world trade. South-South trade accounted for 70% of China's total trade. He said that a common objective was needed to reduce trade costs to enhance developing countries' trade capacity and create new opportunities. China's South-South cooperation included in the area of enhancing trade capacity (US\$190 million for medium and large infrastructure projects – e.g. Silk Road and the Asia Infrastructure Development Bank); reducing trade costs (role in negotiating and implementation of the Trade Facilitation Agreement, contribution to the Trade Facilitation Agreement Facility, and seminars to share experience); and creating trading opportunities (duty free quota free access for LDCs in over 90% of tariff lines). There was a need to mobilize more resources, both globally and locally, and to increase support from public and private stakeholders.

Alhaji Usman Boie Kamara, Minister of Trade and Industry, Sierra Leone, observed that LDCs' participation in worldwide trade was currently less than 1%. The objective was to double this by 2020. Trade – including South-South trade – was a gateway to increasing a country's wellbeing and there had to be a conscious effort to bridge the gap without foregoing national interests. A massive rethink of world trade order was needed to identify root causes and find solutions. Investment and expertise were required to enhance infrastructure, energy, etc. so that developing countries could take advantage of the opportunities offered by South-South trade. Successful bilateral relations had led to the establishment of a rail network between the five EAC member countries. This was something that could be replicated by ECOWAS member countries.

Saidrahmon Nazriev, First Deputy Minister for Economic Development and Trade, Tajikistan, highlighted the importance of infrastructure to facilitate trade and integration. He cited, in particular, the Central Asia Regional Economic Cooperation (CAREC) and Silk Road transport corridor projects as examples of successful inter-regional cooperation that had facilitated trade – and reduced trade costs – between ten countries in Asia. The United Nations Special Programme for the Economies of Central Asia

(SPECA)¹⁵ was another example of successful trade facilitation cooperation.

Syed Tauqir Shah, Ambassador, Permanent Representative to the WTO, Pakistan, reported on regional initiatives, in particular the CASA 1000 regional electricity project which linked Central and Southern Asia, and the Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline project designed to provide a vital link to the Silk Road project. The recently-launched US\$46 billion China-Pakistan Economic Corridor project – which would open new trade and transport routes across Asia – also epitomized South-South trade at its best.

Alejandro Gamboa Castilla, Director-General, Presidential Agency for International Cooperation, Colombia, noted Colombia's dual role as beneficiary and donor. South-South cooperation also included transfer of knowledge, not only for developing countries but also for developed countries. Colombia had initiated regional strategies in Central America, the Caribbean, South America, Africa and Asia to establish tools and mechanisms to exchange knowledge, but more donor support was needed. Taking on board specific private sector and regional needs was essential for effective South-South trade cooperation. Colombia had therefore designed these strategies ("learning tours") with a focus on promotion of entrepreneurship. Learning tours had been conducted in El Salvador and Honduras, and others were in the pipeline for Benin, Ghana, Kenya and South Africa.

From the floor, the **UNIDO** representative announced the release of the 2015 edition of the Trade Capacity Building Inter-Agency Resource Guide which focused on South-South and Triangular cooperation.¹⁶

15 SPECA economies include: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

16 <http://www.unido.org/tcbresourceguide2015.html>

Session 11: Launch of the New EIF: Trade for LDC Development

Opening remarks:

- > **Roberto Azevêdo**, Director-General, World Trade Organization

Moderator:

- > **Deborah Berlinck**, Journalist, Collaborator of Folha de São Paulo, Brazil

Panel discussion:

- > **Arancha González**, Executive Director, International Trade Centre
- > **Joshua Setipa**, Minister for Trade and Industry, Lesotho
- > **Morten Høglund**, State Secretary, Ministry of Foreign Affairs, Norway
- > **Aziz Mahamat Saleh**, Minister of Economy, Trade and Development, Chad
- > **Dominik Ziller**, Deputy Director General for International Development Policy, German Federal Ministry of Economic Cooperation and Development, Germany
- > **Marokon Alilee**, Director General, Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business, Vanuatu
- > **Naindra Prasad Upadhaya**, Permanent Secretary, Ministry of Commerce and Supplies, Nepal
- > **Cecilia Björner**, Director General of International Development Cooperation, Sweden
- > **Daniel Blockert**, EIF Steering Committee Chair
- > **Yvette Stevens**, EIF Board Chair

Closing remarks:

- > **Ratnakar Adhikari**, Executive Director, Executive Secretariat for the Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) - the only global Aid-for-Trade (AfT) programme with an exclusive focus on least developed countries (LDCs) – recently underwent a comprehensive independent evaluation of its first phase (2009-2015). The findings confirmed the EIF's continued relevance to LDCs' trade and development priorities, indicated that results are showing good signs of sustainability, and highlighted areas to further strengthen efficiency and effectiveness.

Following the evaluation recommendations, the EIF partnership approved a second phase of the programme (2016-2022) and started an inclusive reform process which culminated in the organization of the EIF Global Platform, where nearly 250 EIF practitioners from LDCs, donors and partner agencies convened in Geneva to discuss the proposed improvements.

At this launch event, the new EIF programme framework for Phase 2 was presented to the Aid-for-Trade community.

The session began with an audio-visual presentation of what the Enhanced Integrated Framework had achieved in the past five years. It was followed by additional audio-visual video material on the inclusive consultations among the wider EIF Partnership that had led to substantive reforms and changes in the new EIF Programme as well as the timeline to the EIF Pledging Conference in December in Nairobi.¹⁷

17 See: <http://www.enhancedif.org/en/media/3788%20> and <http://www.enhancedif.org/en/media/3790>

Opening remarks by the WTO Director-General

The **Director-General** underlined the importance of the EIF Programme to LDCs as a tool for growth, sustainable development, and poverty reduction. He announced the EIF Pledging Conference which he would host at the 10th Ministerial Conference in Nairobi, calling on donors to provide real support to the Programme.

Via video messages, the **Heads of EIF Partner Agencies (UNDP and UNCTAD), as well as high-level representatives of the IMF and the World Bank Group**, pledged continued support and strong commitment in helping to achieve the EIF objectives in Phase 2 of the EIF Programme.¹⁸

Panel discussion

Speaking on behalf of the EIF Partner Agencies, **Arancha González, Executive Director, International Trade Centre**, welcomed the reforms which would enable the Programme to work better. She requested the AfT community to empower the EIF as a force for economic development in LDCs, and highlighted that the EIF could be instrumental in realizing the vision of the Post-2015 Development Agenda for LDCs.

An interactive dialogue by LDC ministers and senior officials ensued with film footage from direct project beneficiaries, followed by donor panellist supporting statements and the presentation of the new EIF Programme.

Joshua Setipa, Minister for Trade and Industry, Lesotho, elaborated how Lesotho had used the EIF as a coordination platform across different ministries and in alignment with work on the National Development Strategy. He highlighted how the EIF-funded greenhouse project was delivering concrete results and was transforming lives of many of the smallholder farmers, supporting 200 poor people from a baseline of zero to a collective income per month of US\$86,000. His intervention was backed by an owner and primary supervisor of tomato and mushroom cultivation, one of the female beneficiaries of the project.

Morten Høglund, State Secretary, Ministry of Foreign Affairs, Norway, highlighted how trade was crucial for LDCs' development, with the EIF as the main channel of assistance to LDCs. In this regard, Norway announced a donation of NOK 150 million for Phase 2 of the EIF over the next five years (2016-2020). He also encouraged other donors and development partners to follow Norway's lead in making a contribution to Phase 2 of the EIF particularly at the upcoming EIF Pledging Conference.

Aziz Mahamat Saleh, Minister of Economy, Trade and Development, Chad, presented information on how the EIF had supported Chad to leverage additional AfT resources in the leather sector, which had enabled Chad for the first time to produce 'Made in Chad' shoes, and a range of standardized leather products. His intervention was followed by one of the project beneficiaries, a leather craftsman developing and producing footwear designs at the Training Unit of the N'djamena Crafts Centre.

Dominik Ziller, Deputy Director General for International Development Policy, German Federal Ministry of Economic Cooperation and Development, Germany, reiterated support to the EIF Programme and elaborated how the EIF supported Germany's bilateral AfT programmes. He emphasized that for LDCs to live up to their developmental responsibilities, they required concerted support from development partners. He acknowledged that the EIF provided the tool to channel this concerted support to the LDCs' needs, with the LDCs in the driving seat to create better livelihoods for their citizens. He asserted Germany's intent to provide support in concrete figures at the EIF Pledging Conference in December.

With the context of the remoteness of the Pacific region and the devastating cyclone aftermath, **Marokon Alilee, Director General, Ministry of Tourism, Trade, Commerce and Ni-Vanuatu Business, Vanuatu**, elaborated on how the EIF had made a difference to its national trade policy. He explained how the EIF had helped build capacities to manage the National Trade Development Committee and the implementation of the National Trade Policy Framework. As a service based economy, he highlighted the tourism support project in Vanuatu which was implemented with joint funding from the EIF and New Zealand. In this respect, he introduced

¹⁸ See: <http://www.enhancedif.org/en/media/3785%20>

one of the tourism project beneficiaries, a female Arts and Crafts seller in Port Vila market, whose tourism activities had been massively affected by the cyclone.

In his presentation, **Naindra Prasad Upadhaya, Permanent Secretary, Ministry of Commerce and Supplies, Nepal**, profiled the results that the EIF had delivered in Nepal on trade mainstreaming, capacity building and on support to trade priorities to access market opportunities. He elaborated how the EIF Programme was helping to rebuild Nepal after the tragic earthquake in a more sustainable way, through promoting trade opportunities and the trade sector in Nepal. This included supporting economic empowerment of women through the EIF ginger project. His intervention was backed by a female ginger farmer and the President of Women's Ginger Cooperative.

Cecilia Björner, Director General of International Development Cooperation, Sweden, elaborated why donors should invest in Phase 2 of the EIF. Recalling that Sweden had held the first ever EIF Pledging Conference, she emphasized that the EIF was an important and unique platform for LDCs to access tools to take forward opportunities that trade provided for development. She highlighted that the EIF was an important tool to realize the Sustainable Development Goals in the Post-2015 Development Agenda. She underscored the EIF as an avenue to focus on women's economic empowerment and

gender equality in the LDCs, and further noted that trade could be a powerful tool to unlock the productive potential of women. She concluded by stating that Sweden would provide concrete support to the EIF at the Pledging Conference in Nairobi.

Questions and answers

Bangladesh, on behalf of the LDCs and as LDC Coordinator, welcomed Norway's donation to provide resources for Phase 2 of the EIF and requested other development partners to support the EIF Programme.

Presentation of the New EIF Programme Framework

Yvette Stevens, EIF Board Chair and Daniel Blockert, EIF Steering Committee Chair, presented the main innovations of the New EIF Programme Framework. These included, inter alia: increased Programme value for money; a set budget to fund EIF Phase 2 at US\$274-320 million; stronger results framework; and a full risk assessment strategy. The presenters documented how the Programme would offer a much more efficient, flexible and effective Programme to help poorest nations to reap the benefits of trade for economic development.

After all the changes to the new EIF Programme had been highlighted, Phase 2 of the EIF was formally launched with the unveiling of the new EIF logo and EIF tagline: Trade for LDC Development.

Closing remarks by Mr Ratnakar Adhikari, Executive Director of the EIF Executive Secretariat

In his closing remarks, the Executive Director responded to questions that had been raised. The Executive Director also appreciated and welcomed Norway's donation that would help the EIF to continue to deliver results in the poorest countries, without losing momentum.

Session 12: Electronic Commerce and the Aid-for-Trade Initiative

Moderator:

- > **Alfredo Suescum**, Ambassador, Permanent Representative to the WTO, Panama

Panel discussion:

- > **Michael Ferrantino**, Lead Economist, Global Practice on Trade and Competitiveness, World Bank Group
 - > **Torbjörn Fredriksson**, Chief, ICT Analysis Section, Division on Technology and Logistics, United Nations Conference on Trade and Development
 - > **Kemal Huseinovic**, Chief, Infrastructure, Enabling Environment and E-Applications, International Telecommunications Union
 - > **Hanne Melin**, Director, Global Public Policy, eBay Inc.
 - > **Lautafi Fio Selafi Purcell**, Minister for Public Enterprises, Samoa
 - > **Carlos Grau Tanner**, Director General, Global Express Association
-

UNCTAD's latest [Information Economy Report](#) highlights that some of the greatest dynamism in electronic commerce can be found in developing countries. [Research by eBay](#) suggests that barriers to trading across distance are up to 94% lower for developing countries via electronic market places, as compared to traditional markets. Their research documents the rise of the “micro-multinational”, with higher survival rates than their offline peers and reaching high numbers of export markets from an early stage in their life.

Yet the opportunities offered by e-commerce remain largely untapped. Many small- and medium-sized enterprises (SMEs) remain unable to access reliable network services. In the absence of mobile money platforms or postal or parcel delivery services, many SMEs in developing countries find it difficult to make an online presence work for them. Some have suggested the need for an [Aid for E-trade initiative](#) to accelerate the global ecommerce revolution.

This session examined these questions and considered what more could be done to promote aid, investment, technology and knowledge transfer, in what was emerging as a powerful tool for the integration of small firms in developing countries to the trading system.

Alfredo Suescum, Ambassador, Permanent Representative to the WTO, Panama introduced the session by pointing to the opportunities offered by e-commerce, possible costs of not carrying out e-commerce, and the possibility of an Aid for eTrade initiative.

Lautafi Fio Selafi Purcell, Minister for Public Enterprises, Samoa, highlighted the vast improvement that Samoa had experienced over the last decade with regard to information and communication technology (ICT) infrastructure, usage and e-commerce. The opening of Samoa's telecommunications sector in 2005, privatisation and continuing regulatory reform, formed the basis of this progress. Currently, Samoa made use of ICT for market access information, destination and product marketing, online booking services and financial services, including the receipt of remittances. Supported by the World Bank Group, Samoa was planning to develop a second fibre optic cable to enhance broadband access and was also currently developing an e-government strategy aimed at improving the delivery of public services and the linkages between government agencies. While the Government had adopted an Electronic Transactions Act, Samoa still needed to develop strategies to better link the private and public sector, as well as integrated strategies for the tourism and the financial sector. He also mentioned that Samoa had just updated its customs system to ASYCUDA allowing for more efficient procedures and noted that Samoa still needed to better exploit the opportunities that e-commerce offered by building trust, infrastructure and human capacities

Hanne Melin, Director, Global Public Policy, eBay Inc., said that analysis of sellers on eBay's market platform revealed an ongoing trade revolution. In contrast to traditional firms, the large majority of small firms in both developed and developing countries used the eBay platform for exporting. Online platforms could be considered as a virtual shop in every country of the world. She highlighted that e-commerce allowed small firms to export without the need to grow large or to reach a certain productivity level before exporting. A possible Aid for eTrade initiative could foster multi-stakeholder cooperation, review customs processes, and help bridge the challenges and opportunities arising from e-commerce. She called for closer cooperation between businesses and customs. Traders created an electronic footprint and this data could be used for risk modelling and assessment systems.

Carlos Grau Tanner, Director General, Global Express Association, described international express delivery companies such as DHL, FedEx, TNT, or UPS as services providers that ran a fast and secure logistics chain for both large and small firms as well as for "e-tailers". Delivery companies faced both border and behind-the-border barriers. Behind-the-border issues included mostly issues related to establishing a commercial presence (GATS Mode 3) such as investment restrictions, licensing issues and the regulatory environment. Border issues such as customs procedures were the one element that express delivery companies did not control. The implementation of the Trade Facilitation Agreement (TFA) would be of tremendous help to both traditional trade and e-commerce. He cautioned to keep a comprehensive view regarding border procedures as often one formality such as an original signature could block otherwise electronic processes.

Michael Ferrantino, Lead Economist, Global Practice on Trade and Competitiveness, World Bank Group, illustrated opportunities and challenges of e-commerce using concrete examples from developing countries. In particular, he mentioned the example of a firm in Ghana that processed shea nuts into butter and soap for the local and international market as well as providing inputs to global value chains. Another example was a Kenyan firm that used e-commerce by providing an export platform for domestic, traditional producers of jewellery. He further provided examples of innovative services firms in Senegal and Nepal in the fields of social media analytics and app programming, respectively. He highlighted challenges related to e-commerce such as the lack of electronic payment systems (including credit cards) in developing countries, and the lack of postal addresses for around a third of the world population. He cautioned developing countries against putting in place data localization policies for security and privacy as this could make cybercrime easier. He would put more trust in firms to handle such data as they had better technology and incentives to protect such data.

Torbjörn Fredriksson, Chief, ICT Analysis Section, Division on Technology and Logistics, United Nations Conference on Trade and Development (UNCTAD), highlighted some of the findings of UNCTAD's Information Economy Report 2015 that had assessed the potential of e-commerce for developing countries. The Report found that the scope of e-commerce had expanded in the past few

years as a result of: (i) improved ICT connectivity; (ii) lower entry barriers to e-commerce (e-commerce platforms, payment solutions); and (iii) a rapid increase of e-commerce by developing country firms. Business-to-business (B2B) transactions worth US\$15.2 trillion dominated business-to-consumer (B2C) transactions which were worth US\$1.2 trillion. For small firms, B2B was often easier than B2C as they needed to handle fewer clients. However, small firms still lagged behind larger firms and tended to buy rather than sell online. Most e-commerce was still domestic in nature. In his view, the biggest challenges were a low uptake of e-commerce by customers, affordable broadband access, transport systems, skills development, better data and the development of legal frameworks on electronic transactions, cybercrime, and consumer protection. He highlighted that UNCTAD was pulling together laws related to e-commerce and said that e-commerce regulation involved a number of public institutions such as Central Banks, telecommunications regulators and consumer protection agencies.

Kemal Huseinovic, Chief, Infrastructure, Enabling Environment and E-Applications, International Telecommunications Union (ITU), underscored that reliable, accessible and resilient ICT infrastructure was needed for e-commerce. The ITU stood ready to help countries develop national strategies and plans in this regard. Broadband was a crucial national infrastructure (such as electricity and road) and this was why the ITU and the United Nations Educational, Scientific and Cultural Organization (UNESCO) had launched the Broadband Commission with the aim of proliferating broadband access. He further mentioned that it was necessary to educate and train citizens to build trust in ICT infrastructure and services. The ITU also helped countries to develop a light-handed, enabling regulatory environment and stood ready to collaborate with other international institutions on this.

As a concluding question, **Alfredo Suescum** asked what the panellists thought the WTO could do in order to promote e-commerce. **Mr Ferrantino** suggested assessing commitments of services sectors relevant to e-commerce. **Mr Fredriksson** believed that emphasis should be given to the legal and regulatory framework, in particular the issue of e-signature as part of e-transaction laws. **Ms Melin** suggested that the WTO should send out a strong signal on the benefits of e-commerce to Members states. **Minister Purcell** highlighted the continued need for Aid-for-Trade support towards ICT

infrastructure and capacity building. **Mr Huseinovic** suggested that the WTO should sign a memorandum of understanding on e-commerce with the ITU at the forthcoming ITU Telecom World 2015 to be held in Budapest. **Mr Grau Tanner** highlighted the need for TFA ratification by the time of the Nairobi Conference and for taking a hard look at services, including thinking “out of the box”.

Session 13: Reducing Trade Costs for LDCs' Merchandise Trade Development

Moderator:

- > **Robbert de Kock**, Secretary General, World Federation of the Sporting Goods Industry
-

Panel discussion:

- > **Marten van den Berg**, Vice Minister for Foreign Economic Relations, Netherlands
 - > **Célestin Monga**, Managing Director, Programme Support and General Management Division, United Nations Industrial Development Organization
 - > **Phouvieng Phongsa**, Deputy Director General, Planning and Cooperation Department, Ministry of Industry and Commerce, Lao People's Democratic Republic
 - > **Joshua Setipa**, Minister of Trade and Industry, Lesotho
 - > **Sorasak Pan**, Secretary of State, Ministry of Commerce, Cambodia
 - > **Jeffrey Whalen**, Senior Counsel, Customs and International Trade, Nike Inc.
-

Lowering trade transaction costs can result in a significant improvement in a country's ability to compete effectively in the global economy. Export/border procedures as well as transport infrastructure were identified as the most important sources of trade costs for the export of merchandise goods by the 27 least developed countries (LDCs) that replied to the 2015 Aid-for-Trade self-assessment monitoring questionnaire.

The comparison of transaction costs between LDCs and other WTO members confirm that LDCs face a comparative disadvantage with regard to cost of exporting merchandise. In addition, transport bottlenecks and certain non-tariff measures undermine the potential of LDCs to enter value chains.

This session examined the issue of trade costs in LDCs from the perspective of the Trade Facilitation Agreement adopted by Members at Bali in 2013. In addition, the **Bali Decisions** were examined, particularly through a sector lens, identifying those issues that constrain producers and investors from taking advantage of market access schemes.

The debate was structured around the challenges in the expansion of the sporting goods sector – a sector which is growing in importance in LDCs.

Robbert de Kock, Secretary General, World Federation of the Sporting Goods Industry, drew attention to the fact that the global sporting goods industry, which was currently worth more than US\$300 billion, was making a positive contribution by promoting access to, and encouraging, physically active lifestyles.

Speaking from the perspective of the private sector, **Jeffrey Whalen, Senior Counsel, Customs and International Trade, Nike Inc.**, noted that Nike was the market leader in sport footwear and apparel and manufactured in 42 countries employing more than one million workers. He said that, while LDCs had started to integrate into global sports production networks, the sourcing decisions of the company depended on a host of factors such as the state of infrastructure, utility services, availability of labour supply as well as skilled professionals, local labour laws and their enforcement, strong enforcement of intellectual property laws, and protection of investment.

Joshua Setipa, Minister of Trade and Industry, Lesotho, said that the key challenge for Lesotho was its geographical location. As a landlocked country, with the nearest seaport being 800 km away, transport cost was the biggest challenge undermining Lesotho's competitiveness in global exports. An overriding objective for Lesotho was therefore improvement of trade facilitation infrastructure, rather than industry-specific measures.

Sorasak Pan, Secretary of State, Ministry of Commerce, Cambodia, said that the key challenge faced by Cambodia, which was experiencing a rapid rise in footwear production, was the inadequate level of industrial infrastructure. He pointed out that the Aid-for-Trade Initiative had been instrumental in mobilizing funding for Cambodia's Trade Sector Wide Approach (SWAp), an integrated approach to Aid for Trade, and that Cambodia's 2014-2018 Trade Integration Strategy had identified key areas to support the development of its trade sector.

Phouvieng Phongsa, Deputy Director-General, Planning and Cooperation Department, Ministry of Industry and Commerce, Lao PDR, noted that the main challenge for Lao PDR concerned the market

destination for exports of its sporting goods and remarked that the EU currently absorbed 80% of Lao PDR's apparel exports. The sourcing of inputs (i.e. fabrics) was also concentrated to a few countries, with 60% of fabrics coming from Thailand. He also identified delivery time as a critical issue, noting that, for Lao PDR, it took almost 70 days to manufacture an article upon receipt of the order while the average time taken by competitive suppliers was between 30 to 35 days.

Célestin Monga, Managing Director, Programme Support and General Management Division, United Nations Industrial Development Organization (UNIDO), appealed for a rethink of development strategies. He underscored the difficulty of developing capital-intensive industries in low-income countries and suggested that LDCs focus on strengthening labour-intensive industries and make selective interventions, as was being done in Ethiopia and Senegal. He also explained that infrastructure problems could be solved by carefully designing industrial parks in a country or by establishing "specialized" economic zones. He believed that in a world of excessive savings, what was missing was how to link these savings into investment opportunities in low-income countries. He noted that UNIDO could assist LDCs and other developing countries in finding financial support for their industrial development initiatives.

Marten van den Berg, Vice Minister for Foreign Economic Relations, Netherlands, recalled the Rana Plaza tragedy in Bangladesh in 2013 which had brought the issue of social performance to the forefront of the apparel industry. He stressed that strengthening the regulatory framework was critical, but that the capacity of countries to implement regulations (e.g. regular inspections of factories to check compliance) was also lacking. He also acknowledged that in the context of value chains it was difficult to ensure responsible business conduct.

In the discussion, and in respect to market access challenges in the sporting goods industry, some panellists (**Lesotho, Lao PDR**) did not consider this a major issue per se since for them the overall economic competitiveness issue was the most overriding challenge to overcome. While high transport costs was the single most important factor undermining the full potential of Lesotho, Lao PDR identified factors such as increased wage,

labour shortage, and stronger currency as becoming a potential threat for its apparel industry.

Mr Pan identified rules of origin conditions as an issue affecting the development of Cambodia's bicycle industry. Some of the conditions of the EU's General System of Preferences (GSP) scheme, for example, were considered as not favourable to Cambodia for sourcing spare parts from neighbouring countries. Some participants pointed out that the very logic of value chains should ultimately make the case for rules of origin becoming redundant.

Mr Whalen underscored the need for transparent, predictable and "fair" market access for sporting goods. He said that the sporting goods industry was facing one of the highest average duties and noted that in the United States (US), for example, the average duty for apparels was around 14%. While sporting goods accounted for a mere 1.8% of the total value of US imports, the sector represented 70% of revenues collected by US customs. He also pointed out that while AGOA¹⁹ exporter countries enjoyed duty-free status in the US market, there were market access limitations for NIKE's Asian suppliers as footwear and apparel articles were not included in the US GSP scheme. He acknowledged the contribution made by the WTO at the Bali Ministerial Conference through the provision of a framework for transparent and simple rules of origin for LDC exports. He also noted that certain trade policy instruments of countries were being applied in an arbitrary manner and called for consistent application of WTO rules.

19 African Growth and Opportunity Act. See <http://trade.gov/agoa/>.

Session 14: Reducing Trade Costs for LDCs' Services Trade Development

The session was held in collaboration with the International Trade Centre (ITC) and the International Centre for Trade and Sustainable Development (ICTSD).

Moderator:

- **Gyan C. Acharya**, UN Under-Secretary-General and High Representative for the Least-Developed Countries, Landlocked Developing Countries and Small Island Developing States

Panel discussion:

- **Bernard Hoekman**, Professor, Robert Schuman Centre for Advanced Studies, European University Institute
 - **Rogers Karebi**, Secretary General and Founding Member, Uganda BPO Association
 - **Darlington Mwape**, Ambassador and Senior Fellow, International Centre for Trade and Development
 - **Alioune Sarr**, Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal
 - **Myat Su**, Businesswoman, Silk Road to Asia Travels and Tours Company Ltd, Myanmar
-

Relative to merchandise goods, services have received less attention from economists and policymakers. This is starting to change. Recent initiatives have gathered services experts to discuss how trade policy can best promote the contribution of services to growth and development (ICTSD), or have provided capacity building support for LDC delegates regarding services challenges and negotiations (ITC). Increasingly, the potential of the services sector as a driver of economic growth in developing countries is being recognised. Additionally, services trade can play an important role for sustainable development, including poverty reduction and economic empowerment of women; key objectives in the UN's emerging Post-2015 Development Agenda.

A rapidly advancing body of research illustrates the point that in addition to customary market access barriers, issues such as network infrastructure and domestic regulation add significantly to trade costs for service suppliers. An important step to realizing the untapped potential of services was taken in February 2015 at the high-level meeting of the WTO Services Council to operationalize the LDC Services Waiver. The meeting sent a clear indication of the willingness of the trading partners of LDCs to provide preferences to LDC services and service suppliers.

Against this backdrop, this session highlighted the opportunities for LDCs to penetrate commercial services markets by increasing supply side capacity and addressing barriers to services trade. Based on concrete examples, the session focused on some of the key challenges faced by LDC-based companies and explored possible services trade facilitating solutions, as well as support by investors and aid for trade to enable steady growth of services sectors and improve export performance of LDCs to advance sustainable development objectives.

Gyan C. Acharya, UN Under-Secretary-General and High Representative for the Least-Developed Countries, Landlocked Developing Countries and Small Island Developing States, said that the session would complement the preceding session ("Reducing Trade Costs for LDCs' Merchandise Trade Development") by introducing perspectives and views from academia and the public and private sector, and by identifying the potential, opportunities and challenges faced by least developed countries in being competitive in trade in services. He added that, despite its qualitative and quantitative importance, the services sector was often overlooked as a source of export diversification. While it accounted for 47% of LDCs' gross domestic product (GDP), trade in services only accounted for 13% of GDP in their exports. This gap pointed to the growth potential of the services sector in LDCs and to the role the sector could play in economic development and poverty eradication. For this to happen, it was necessary to ensure that both goods and services were integrated in global markets. For instance, the computer information services sector was the most dynamic sector, recording a 3% growth, followed by tourism, information and communication technology (ICT), air transportation, and construction supply. The real issue to grapple with was how LDCs could be helped to build infrastructure and enhance their capacity and share of exports. Reducing costs for LDCs' trade in services could therefore be a major element in helping them to enhance their share of exports in services. If the potential in the services sector for LDCs was harnessed, it could make a substantial contribution in shaping the Post-2015 Development Agenda and in achieving sustainable development goals (SDGs). It was encouraging to note that Aid for Trade was helping LDCs address some of the major challenges in this sector, including in relation to infrastructure development, and enhancing LDCs' capacity for services and gaining access to international markets.

Bernard Hoekman, Professor, Robert Schuman Centre for Advanced Studies, European University Institute, noted that in order to achieve the sustainable development goals, services – which accounted for 50% of GDP and even more (about 70%) in more developed economies – were fundamental. In addressing the question of how trade entered into the picture, and why so little attention is given to trade in services, he pointed to the fact that this was mainly because services were tradeable through different channels – for example through foreign direct investment. Trade costs in services were

much higher than for goods because policies were less supportive. Trade mattered because it was key to achieving Goal 8 of the Millennium Development Goals. Trade facilitated imports, exports, technology transfer and improving know-how. Trade in services also played an important role in achieving these objectives. He said that global value chains required huge amounts of services trade. It was also true that trade costs in services were higher than for trade in goods. This was primarily because of extensive policy constraints in this sector (such as, for example, barriers to commercial presence and visa issues) which made it difficult for the services supplier to effectively interact with buyers. Institutional barriers also raised the cost of trade in services. Addressing these policy constraints and institutional barriers could help LDCs reduce costs in their trade in services. He said it was unfortunate that services were now being discussed outside the WTO under TiSA²⁰, which did not include LDCs and emerging economies.

Presenting a private sector perspective on the issue, **Rogers Karebi, Secretary General and Founding Member, Uganda BPO Association**, shed light on the challenges and opportunities of trade in services in Uganda. Referring to Uganda's Vision 2040, he touched upon a number of the Vision's initiatives that made Uganda a good candidate for outsourcing. With a large pool of young English-speaking graduates and the high entrepreneurial nature of Ugandan youth, the country offered a huge human resource. In order to address its high unemployment rate, Uganda planned to create jobs by investing in business process outsourcing (BPO), aiming at creating 200,000 jobs over the next two years. If complementary policies that were being put in place worked, another 600,000 jobs would be created in the coming years. He highlighted a number of challenges that resulted in high costs in doing business. These included: exorbitant cost of internet which was a barrier for outsourcing; prohibitively high real estate renting; inadequate intellectual property protection and insufficient regulation on data protection; reluctance on the part of government to outsource some of its functions to local services providers; an investment climate which was not conducive to attract investment (even local investment); excessive and irrational taxation policy; access to markets (here the International Trade Centre was providing a lot of support); and excessive (over 24%) interest

20 Trade in Services Agreement.

rates, which hampered access to finance. A plan was needed to mitigate these challenges to enable LDCs to compete with countries with lower trade costs. This could involve: connection to backbone infrastructure; incubators; and setting up of an ICT park. In conclusion, he said that Uganda had started to implement an e-commerce policy which looked to be a promising initiative. It was time to leverage on the innovative youth, and help them commercialise their creations, and said that establishing links with industries, agriculture, and tourism was the right direction to take.

Alioune Sarr, Minister of Trade, Informal Sector, Consumption, Promotion of Local Products and SME, Senegal, said that for most LDCs, services were the cornerstone of the economy (e.g. banking, aviation, marine, etc.). While services had a direct impact on a country's development and economic growth – contributing around 60% of GDP – the sector was unfortunately not being given the attention it deserved. The services sector was at the heart of Senegal's economy, with the banking sector, for example, accounting for 26% of its economy, and with a growth rate of more than 20%. Trade facilitation that reduced the cost of trade in services for LDCs was therefore very important. He flagged, in particular, the role of women in the services sector, and the lack of social protection that impeded their participation. Senegal's Telecommunication Policy had resulted in a high penetration rate in the Telecom sector, with the result that there were more telephones than people. Senegal had also passed a number of laws and had undertaken numerous policy steps to represent Senegal's Telecom Vision (including on Security, Cyber Crime and Data Protection). He said that Senegal had focused on trade facilitation, which had made it easier to establish and to conduct business. Investments were being channeled into education, with the aim of improving and building human capital. Trade Facilitation in the context of LDCs implied a focus on building and improving services infrastructure. In terms of public policy, LDCs needed to channel investment into the services sector, and trade facilitation was key to these efforts. An additional challenge was how to leverage growth and job creation for the under-25's who represented 60% of the population in Senegal.

Darlington Mwape, Ambassador and Senior Fellow, International Centre for Trade and Sustainable Development (ICTSD), remarked that services played a critical role in GVCs and were needed to

be able to climb the value chains in both goods and services. Services should not be thought of in compartments, but rather in a holistic way; branding, designing, manufacturing, marketing, etc. were all complementary and mutually inclusive. He said that barriers in services were mainly of a policy and regulatory nature. Liberalization alone and providing market access was not enough. Policy and regulatory reforms were needed to help LDCs achieve growth. For example, under Mode 4 (movement of natural persons) of the General Agreement on Trade in Services (GATS), visa granting procedures were cumbersome, which added to the costs. Another example was from Zambia, which had difficulty in attracting investments in air transport services because of what he termed an "irrational" fuel tax policy. Specific interventions were therefore necessary to address some of these challenges, and policy reforms were required from both the supplier's side as well as the services recipient's side. ICTSD had commissioned country studies to identify priority sectors as well as specific barriers in specific sectors. The studies aimed at making appropriate recommendations for reforms that could help harness true potential in services trade. Aid for Trade, especially in the area of policy reform, could contribute to positive change for LDCs and presented a win-win scenario. Regulations should complement market access and Article 8 of the Trade Facilitation Agreement, which required various regulators to share good practices, and provided a good model in this respect.

Myat Su, Businesswoman, Silk Road to Asia Travels and Tours Company Ltd, Myanmar, said that with its 3 million visitors per year, Myanmar's tourism was a driver of its economy and was therefore both an economic and political priority for job creation and poverty alleviation. Culture and eco-tourism were also key policy priorities. She cited the many challenges that Myanmar faced in the services sector which included: a shortage of competent and skilled labour; training of managers; lack of quality infrastructure including roads; inadequate access and supply of water and electricity; shortage of good hotel accommodation; inadequate access to information technology; difficulty of obtaining visas; security and political stability concerns; dependency on foreign currency and inefficient banking services; access to finance, high interest rate (13%) and oft-changing bank policies which lacked transparency and were unpredictable for businesses; high taxation rates; and a lack of proper policies for establishing businesses and companies. Vocational

training, human capacity building, and government and SME support could help in addressing some of these challenges.

In closing the session, **Mr Acharya** noted the following: that services had a very important role to play in not only increasing the access of LDCs to global markets but also creating an opportunity for growth and development within a country; that services needed to be viewed in a holistic manner (regulatory policies, infrastructure, interagency and inter-organizational coordination, market access etc.); the need to channel investments into education, health, job creation, training and human resource development; the need to focus investment on infrastructure development and capacity building; the importance of not only market access but also regulatory reforms, policy measures, investment in infrastructure, as well as partnerships with all stakeholders and particularly with the private sector; the need to use in-country studies to determine the level of LDCs' services sectors, and to monitor progress in terms of timelines based on regulatory reforms, as well as market access; that there was huge potential for growth if investments were made in infrastructure and regulatory reform, and also if better and more integrated market access opportunities were available; that access to finance, promotion of the private sector and investment in ICT were critical. Agencies such as the International Trade Centre, the Netherlands Centre for the Promotion of Imports from Developing Countries, the United Nations Conference on Trade and Development, and the Enhanced Integrated Framework, also played an important role in helping LDCs. While Aid for Trade could look into all the issues, it could also help identify in a more in-depth manner what the key areas were, where international support could be directed, and where domestic political will and domestic changes would bring the services sector to a new level.

DAY 3 – 2 JULY 2015



DAY 3 – 2 JULY 2015

Session 15: Reducing Trade Costs in the Cotton Value Chain

Moderator:

- > **Adam Sneyd**, Assistant Professor, Department of Political Science, University of Guelph, Canada
-

Panel discussion:

- > **Paul Brenton**, Lead Economist, Trade and Competitiveness Global Practice, World Bank Group
 - > **Hippolyte Dah**, Minister of Industry, Trade and Handicrafts, Burkina Faso
 - > **Kai Hughes**, Managing Director, International Cotton Association
 - > **Claude Allagbe**, Director General of Domestic Trade, Ministry of Industry, Trade and Small and Medium Enterprises, Benin
 - > **Abdel K. Konaté**, Minister of Commerce and Industry, Mali
 - > **Steve MacDonald**, Agricultural Economist, Economic Research Service, United States Department of Agriculture
 - > **Aziz Mahamat Saleh**, Minister of Economy, Trade and Tourism Development, Chad
 - > **José Sette**, Executive Director, International Cotton Advisory Committee
-

This plenary session examined the issue of trade costs from a sectoral perspective, with a specific focus on the cotton value chain.

High trade costs erode the competitiveness of low-income suppliers. Discussions and negotiations at WTO since the “**Sectoral Initiative for the Cotton Sector**” was submitted in 2003 have highlighted that the cotton sector is a driver of economic growth and poverty reduction in developing countries, particularly in least developed countries (LDCs). Cotton trade also has a role to play in economic empowerment of women. Research points to a range of issues that drive up transport costs for cotton suppliers, such as transport infrastructure failings, transit regimes and customs documentation issues.

The aim of this session was to examine the issue of trade costs for cotton exports, analyse how LDCs can identify priority areas for growth, the barriers they may face in building capacity in these areas, and how to attract the support of development partners and investors to enhance export performance and add value in the cotton chain.

Adam Sneyd, Associate Professor at the University of Guelph, Canada, introduced the session with thought-provoking questions on the possibility of framing a new vision of development with sustainable and innovative approaches in relation to investment and upgrading scales for better poverty-reduction outcomes.

Abdel K. Konaté, Minister of Commerce and Industry, Mali, highlighted the high dependence of Mali's economy on cotton production and exports. While a number of institutional reforms had been undertaken to reduce trade costs and enhance cotton production, market access and export subsidies issues were still part of the difficulties that African countries faced. He believed it was important that these two issues remained on the table of negotiations in the WTO. He said less than 2% of cotton production was being transformed locally and that the soft and hard infrastructure issues should be addressed accordingly. He noted that an ambitious three-year programme of industrial development was under preparation to spur the local transformation of cotton in Mali for which 15% of the national budget had been allocated.

Hippolyte Dah, Minister of Industry, Trade and Handicrafts, Burkina Faso, stressed that in order to improve their competitiveness in international cotton markets, African countries, and the C4²¹ in particular, should strengthen the regional integration and harmonize domestic legislation. He underscored the need for African countries to ratify the agreements to which they had adhered. He noted that non-tariff barriers that affected cotton producers should also be addressed, including at both the bilateral and multilateral levels.

Aziz Mahamat Saleh, Minister of Economy, Trade and Tourism Development, Chad, recognized the need to enter the cotton value chain but cautioned against the long-term dependence on cotton for Chad's exports. He questioned the sustainability of the cotton sector in LDCs in light of the Mega Regional Agreements that were being negotiated in certain regions. He suggested that this question be at the heart of the debate at the WTO's 10th Ministerial Conference to be held in Nairobi.

Claude Allagbe, Director General of Domestic Trade, Ministry of Industry, Trade and Small and Medium Enterprises, Benin, highlighted the importance of the cotton sector for Benin's economy and the reforms that had so far been undertaken, including the single window approach to reduce port-congestion delays and inland transit time to facilitate cotton exports.

José Sette, Executive Director, International Cotton Advisory Committee, spoke about cotton competitiveness in Africa in general, highlighting that cotton yields across Africa were low in terms of world standards, but stressing that African cotton production was competitive in terms of scale. Transportation and border procedures costs were very high, duplicating those in other countries. He emphasized that the situation was improving with regional arrangements being developed and with the shift from government intervention to private sector-led policies.

Paul Brenton, Lead Economist, Trade and Competitiveness Global Practice, World Bank Group, stressed the importance that the World Bank accorded to trade logistic costs, especially for agricultural products. He noted that in Africa the infrastructure and policy constraints were huge. He cited a new project recently launched by the World Bank on the coordination of policy reform along the Abidjan-Ouagadougou corridor to enhance the quality of trucking services and simplify customs procedures to reduce trade costs. He highlighted the importance of ensuring the monitoring of the consequences of this project which could be replicated in the future in other countries.

Steve MacDonald, Agricultural Economist, Economic Research Service, United States Department of Agriculture, suggested that African countries should invest and modernize the textiles sector as the opportunities in the future would be geared towards that upper end of the value chain. He considered that private sector involvement and regional solutions were essential as cotton productivity and specialization in Africa was fragmented and exchanges between countries were very low.

Kai Hughes, Managing Director, International Cotton Association, spoke about the dire consequences of contract disputes and defaults worldwide that were damaging the reputation of certain countries. He suggested that governments

21 Benin, Burkina Faso, Chad, and Mali.

should avoid adopting protectionist policies and should enhance training and capacity building principally in their judicial system.

Comments made by participants included where were located the best opportunities in the value chain, the importance of access to finance for cotton producers in West Africa, the need to create a favourable business environment to develop the cotton value chain, and the issue of interconnectivity between highways and maritime ports.

Concluding remarks by panellists

Panellists made several suggestions as far as the Aid-for-Trade Initiative was concerned including that Aid for Trade should be used to finance soft and hard infrastructure in Africa, especially in landlocked countries, to facilitate private sector access to private capital and to tap on opportunities in global markets on textiles and cotton by-products; and that Aid for Trade could also be used to increase the provision of farm inputs, enhance extension services, and improve the business environment.

Session 16: Trade and Gender: Empowering Women through Inclusive Supply Chains

Opening statements:

- > **Pamela Hamamoto**, Ambassador, Permanent Representative of the United States to the UN and other International Organizations in Geneva
- > **Päivi Kairamo**, Ambassador, Permanent Representative to the WTO, Finland

Moderator:

- > **Aranca González**, Executive Director, International Trade Centre

Panel discussion:

- > **Axel Marcel Addy**, Minister of Commerce and Industry, Liberia
- > **Archana Bhatnagar**, Managing Director, Haylde Chemicals
- > **Louise James**, Managing Director, Accenture
- > **Shinto Nugroho**, Head of Public Policy and Government Relations, Google Indonesia
- > **Mayela Quesada**, Coffee Producer, Costa Rica

Closing Statement:

- > **Hamish McCormick**, Ambassador, Permanent Representative to the WTO, Australia
-

Economic research from a range of sources suggests that women's earnings drive poverty reduction. Women have a higher propensity to use their earnings and increased bargaining power to buy goods and services that improve family welfare, thus creating a virtuous cycle: female spending supports the development of human capital, which in turn fuels contemporaneous economic growth.

The aim of this session was to help provide a better understanding of the importance of integrating women into value chains, the key drivers for successfully doing so, and to stimulate discussions about actions the Aid-for-Trade community is taking to improve the current situation.

The session also examined the role of women in trade – a subject highlighted by many of the case stories received in the 2011 Aid-for-Trade monitoring exercise. Women produce products, transport goods across borders, manage and own trading firms, or are employed to work in them. However, women's potential in trade is often held back by the many constraints they face, including barriers to trade.

Opening statements

Based on Finland's own experience, **Päivi Kairamo, Ambassador, Permanent Representative to the WTO, Finland** stressed the importance of empowering women through international trade. She further highlighted that trade could not achieve equality on its own, but needed to be complemented by social and cultural change.

Pamela Hamamoto, Ambassador, Permanent Representative of the United States to the UN and other International Organizations in Geneva, noted the relevance and importance of the topic of empowering women and said that a continued spotlight should be put on the challenges women business owners and entrepreneurs faced in order to facilitate and enhance their role in the global economy. She remarked that, although women currently represented 40% of the global labour force and approximately one third of small- and medium-sized enterprises (SMEs) were owned by women, on virtually every global measure women were more economically excluded than men. She said that the theme of the 5th Global Review, which focused on reducing trade costs, was also particularly beneficial to SMEs and therefore to most women-owned businesses. She introduced two recently-launched initiatives: "The Future She Deserves"²², the over-arching goal of which was to leverage Geneva-based institutions to better protect and empower women and girls, and the "Geneva Gender Champions Initiative"²³ which aimed to create a leadership network personally committed to gender equality and women's leadership.

Panel discussion

Axel Marcel Addy, Minister of Commerce and Industry, Liberia, focused on Liberia's action to support women empowerment. The case of a successful Liberian farmer, who had recently accessed export markets, was showcased via a video.²⁴ He said that the economic empowerment of women was a necessary component of development strategies and highlighted government procurement as an important factor in building the economic

capacity of women entrepreneurs. Liberia had recently adopted a law stipulating that 25% of contracts had to be awarded to SMEs, of which 5% had to be awarded to women-owned businesses. Liberia, together with international support, supported women in creating an international network, for instance through trade fairs and visits to other countries. Lastly, he noted that women entrepreneurs had actively contributed to the efforts to combat the Ebola outbreak.

Archana Bhatnagar, Managing Director, Haylide Chemicals, who spoke in her role as a representative of small women-owned business, said that supporting a woman entrepreneur meant not only supporting the business owner, but also her employees. Referring to her own business – the manufacture of "green" cleaning products – she noted that non-tariff barriers and the lack of certification had been challenges she had had to overcome. Schemes giving women access to finance, technology, market access and other necessary factors were essential. She further noted that government procurement programmes had worked well for women-owned businesses in India. She recommended that the corporate sector adopt similar schemes and cited the International Trade Centre's work as an enabler in creating a network for women enterprises in this regard. Finally, she stressed that a top-down approach needed to be taken in order for change to be embraced in practice.

Mayela Quesada, a Coffee Producer from Costa Rica, shared her experience as a small business owner. In 2007, her micro-enterprise had won the "tasa de excelencia" award and since then had been able to significantly expand her business, *inter alia* through exports to Asia. Selling the final packaged product was essential for her enterprise to reap all economic benefits available in the coffee business. Challenges still existed related to the lack of access to certification and managing financial flows. Her company was proud of the achievements it had made in attracting the best coffee roasters by paying the best salaries in the region, and supported school education for employees' children. A second business she had started was on gluten free food, which she aimed at exporting globally in the form of packaged, frozen food. However, obtaining finance to achieve certification still remained a challenge. International support in the form of aiding participation in trade fairs with international buyers had been very useful

22 <https://geneva.usmission.gov/2015/02/06/press-release-launch-of-the-future-she-deserves-initiative/>

23 <https://geneva.usmission.gov/2015/07/01/international-geneva-gender-champions-launch-ambassador-hamamotos-remarks/>

24 <https://youtu.be/brbyG3QY4Vk>

and had helped her conclude several contracts. In this regard, trade promotion institutions mattered. Finally, she opined that helping SMEs overcome financial difficulties relating to tax burden and social contributions was essential.

Shinto Nugroho, Head of Public Policy and Government Relation for Google, Indonesia, spoke about how technology helped women advance, whether as entrepreneurs or otherwise. Google had created programmes supporting women's access to technology and finding female developers in Indonesia. Another programme supported women entrepreneurs using technology in their businesses. She noted that technology was a key factor to enable women entrepreneurs to grow their business and export. Networking opportunities were essential in this regard and created global supply chains. Technology also allowed women to adapt their business to social and family obligations. Furthermore, an online community had been created to help women overcome obstacles faced in obtaining access to finance. The government was helping by creating "hubs" for internet access in order for women to get necessary information for export, which also often created networking opportunities.

Louise James, Managing Director, Accenture, spoke about Accenture's supplier diversity programme. For Accenture, a buyer with sizable purchasing power, it made economic sense to integrate women-owned businesses in its supply chains. Mentoring and networking was essential and Accenture, as a consulting firm, had created programmes in which employees mentored women-owned businesses. Accenture had found it crucial to create an affirmative policy for procurement, which was monitored and tracked. Success depended on local champions that understood the benefits of working with women suppliers. International partners were needed. Finally, the size of contracts and bringing together suppliers was important to enable women-owned businesses to take on orders. Accenture's programme was not philanthropy, but rather about attracting the most innovative and resilient suppliers. She stressed the importance of also discussing and identifying things that did not work in order to learn and take programmes to the next level.

Interventions from the audience included questions on what was preventing women from entering the technology and innovation business sectors. In

response, the Panellists identified education as playing a major role in allowing women realize their full potential, especially in the business sector related to technology and innovation. It was also opined that perceptions of women in these business areas needed to change over time, e.g. by providing role models. Participants also noted the importance of government procurement policy in creating markets for women business owners. Finally, the Asian Development Bank (AsDB) reported on an AsDB study which found that gender-neutral were not enough to open export markets for women.

Closing statement

Hamish McCormick, Ambassador, Permanent Representative to the WTO, Australia, said that governments and businesses were increasing their efforts to support women empowerment through trade but there still was a gap between aspirations and reality. Public procurement accounted for over 30% of Gross Domestic Product in most countries, but women secured less than 1% of that market. Both government and businesses needed to leverage procurement for inclusive growth. For the future, new programmes and initiatives needed to be created, and existing programmes needed to be fine-tuned. Women representatives needed to be involved directly in policy-making by increasing transparency and inclusiveness and all stakeholders needed to work together to tackle the complex challenges involved in women's economic empowerment.

Session 17: Reducing Trade Costs and the Aid-for-Trade Results Agenda: Lessons from Recent Evaluations and Impact Studies

Moderator:

- › **Tom Pengelly**, Managing Director, Saana Consulting & Saana Institute

Panel discussion:

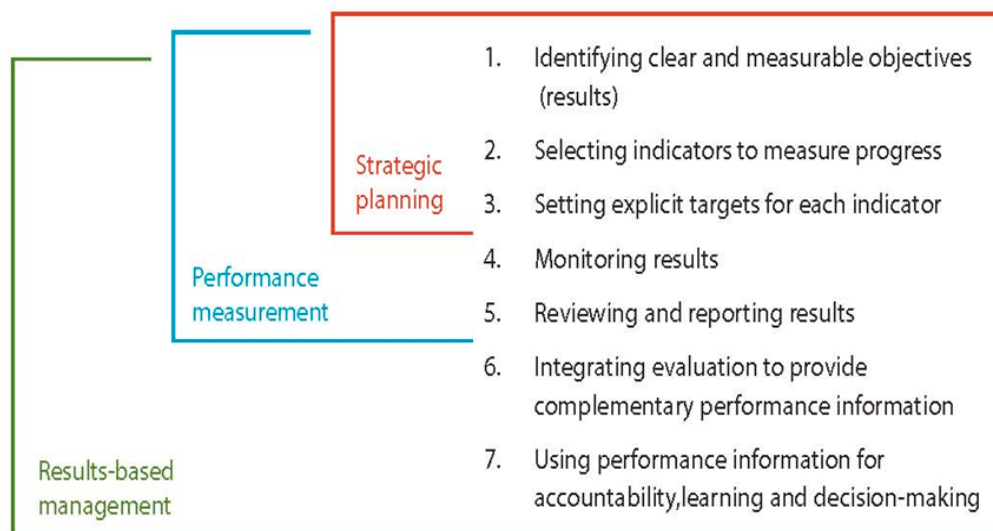
- › **Bernardo Calzadilla-Sarmiento**, Director, Trade Capacity Building Branch, United Nations Industrial Development Organization
- › **Alex Thomas Ijjo**, Research Fellow, Economic Policy Research Centre, Uganda
- › **Miguel Jiménez-Pont**, Head, Evaluation and Monitoring, International Trade Centre
- › **Melvin Spreij, Secretary**, Standards and Trade Development Facility, World Trade Organization
- › **Annette Mutaawe Ssemuwemba**, Deputy Chief Executive Officer, TradeMark East Africa
- › **Joaquim Tres**, Integration and Trade Lead Specialist, Inter-American Development Bank
- › **Daniela Zehentner-Capell**, Director, Trade-related Development Cooperation, BMZ, Germany

Development effectiveness in the implementation of Aid-for-Trade interventions is key to reduce unnecessary trade costs, strengthen domestic political will and mobilize coalitions in favour of reform, including donor support and South-South Cooperation and Triangular Cooperation. The Enhanced Integrated Framework, the International Trade Centre, the Standards and Trade Development Facility, the World Bank Group's Trade Facilitation Facility, and the United Nations Industrial Development Organization, have all been independently evaluated since the last Global Review in 2013. The Inter American Development Bank set up an Aid-for-Trade Fund with a results framework to report to stakeholders and a leading integration and trade capacity building program whose impact is being assessed with cutting edge results that can be helpful to other organizations. Uganda's Economic Policy Research Centre has also conducted its own research looking at the impact of Aid for Trade on the country's trade performance. A variety of different evaluation techniques are now in place and experience is growing with regard to the strengths and shortcomings of different methods.

The aim of this panel was to debate different techniques, sharing key outcomes and lessons from recent evaluations and impact assessments, and to outline how these are informing programme strategy decisions. The speakers also reflected on lessons for how maximum value can be secured from future large-scale evaluations of Aid for Trade programmes. The aim of the discussion was to contribute to an improved understanding of the evaluation and impact assessments and its role in ensuring efficient and effective Aid for Trade delivery to reduce trade costs more effectively and to springboard accountability to national and international stakeholders.

In his introductory remarks, **Tom Pengelly, Managing Director, Saana Consulting & Saana Institute**, noted that Aid for Trade was an “industry” worth some US\$55 billion. A rule of thumb was that some 5% of project budgets were being dedicated to monitoring and evaluation (M&E). As more and more evaluations come on-stream he suggested that this was a tremendous opportunity for learning – as long as M&E results could be shared both within and across projects and programmes. At present, though, this

was not happening. He cited a 2014 **ECPDM study** that suggested that the results and learning from EU evaluations had not been effectively used, mainly as a result of a lack of ownership by those involved. They tended to view evaluation as a standalone, end of project exercise. To help guide discussions the following figure, taken from the 2013 WTO-OECD Aid for Trade at a Glance publication²⁵, was displayed.



Melvin Spreij, Secretary, Standards and Trade Development Facility (STDF), World Trade Organization, recalled the recent evaluation of the STDF and the on-going evaluations of STDF projects – all of which had been published. One area where evaluations had influenced STDF operations was with regard to terms of reference for projects which had become progressively more rigorous and exacting over time – and which had translated into clear end-of project results. Other points he made included the balance between cost and outcome, recalling that there were well-known difficulties associated with capturing the results of “higher-level” advocacy activities. He also highlighted a disconnect between “standard” results-based management conclusions of evaluators and development practice. One action that he identified as improving the STDF’s performance in this area would be the recruitment of a dedicated M&E staff member.

Bernardo Calzadilla-Sarmiento, Director, Trade Capacity Building Branch, United Nations Industrial Development Organization (UNIDO), suggested that evaluation was a powerful tool to manage change. Evaluation was perceived as an end of the pipeline activity, whereas in reality it had to be included in the project planning and inception phase.

Miguel Jiménez-Pont, Head, Evaluation and Monitoring, International Trade Centre (ITC), highlighted the two corporate evaluations that ITC had gone through (by ITC and the United Nations oversight body). The outcomes of both evaluations had highlighted the same shortcoming in ITC’s internal M&E systems, i.e. that while information existed on outputs, it did not capture outcomes and impacts. The independent evaluation had been a powerful tool for change management, having been undertaken in a participatory and consensual manner, not as a “bean-counting exercise” – something that meant that there was ownership of results by the institution and its incoming new management.

25 Aid for Trade at a Glance 2013: Connecting to Value Chains; Chapter 5: Evaluating the Effectiveness of Aid for Trade, page 159.

Annette Mutaawe Ssemuwemba, Deputy Chief Executive Officer, TradeMark East Africa (TMEA), stressed the importance of building indicators into the design of projects, noting that the TMEA's "results meter" highlighted where a project was falling behind before problems arose – and so allowing for corrective actions to be taken. Indicators and targets were being used extensively by TMEA including to build ownership by agreeing these parameters with project beneficiaries. As such, targets were being used by TMEA to hold delivery partners accountable, a process that worked due to the ownership of results by stakeholders.

Joaquim Tres, Integration and Trade Lead Specialist, Inter-American Development Bank, stressed the importance of continuous assessment and evaluations drafted with clear language. He also suggested that publishing negative results and demonstrating a willingness to adapt projects on the basis of these results demonstrated intellectual rigour and generated trust with both donors and partners.

Alex Thomas Ijjo, Research Fellow, Economic Policy Research Centre, Uganda, highlighted his research on the impact of Aid for Trade in Uganda and discussed some of what he termed "the missing elements", notably with regard to capacity and empowerment. His comments focused on the need to improve inclusiveness and participation.

Daniela Zehenter-Capell, Director, Trade-Related Development Cooperation, BMZ Germany, highlighted Germany's €3 billion annual expenditure on Aid for Trade. After a decade of Aid for Trade, she suggested that it was an appropriate moment to be looking at best practice. Germany was working with the EU to redesign their Aid for Trade policies.

In the discussion, **Nigeria** noted the essential role played by evaluation, but questioned the need for multiple evaluations of the same institution or programmes. He also wondered as to participation of beneficiaries in the design of evaluation questions. In reply, **UNIDO** highlighted a project conducted to build conformity assessment capacity in Nigeria how the "**Building Trust**" project had engaged project beneficiaries in its evaluation

Addressing a comment from Norway, **TMEA** highlighted how transparency was ensured on the basis of quarterly evaluation meetings. She also highlighted how data had to be generated for the

first time changing directions if necessary and transparency.

In reply to a comment from Raymond Saner of the Centre for Socio-Eco-Nomic Development (CSEND), **Daniela Zehenter-Capell** stressed the importance of accountability to tax payers and argued that data was essential for this purpose – particularly given that the recent German evaluation had been conducted as a desk study.

In his final remarks, the **Moderator** reiterated the need for M&E to promote a culture of learning, rather than to be considered as a stand-alone, end of programme exercise.

Session 18: Closing Plenary Session

The plenary session provided an opportunity for Members and Observers to make formal statements on the theme of reducing trade costs for inclusive, sustainable growth and to offer views on the future of the Aid-for-Trade Initiative.

The session was presided by Juan Esteban Aguiere Martínez, Ambassador, Permanent Representative to the WTO, Paraguay and Chair of the WTO Committee on Trade and Development

Juan Esteban Aguirre Martínez, Ambassador, Permanent Representative to the WTO, Paraguay and Chair of the WTO Committee on Trade and Development, noted that the 5th Global Review (5GR) had brought together trade and development professionals from a wide range of Members, international organizations, academia and civil society. Discussions over the three days on various issues related to the main theme of the Global Review, “Reducing Trade Costs for Inclusive, Sustainable Growth”, had provided considerable information about how high trade costs affect the trade integration of many developing countries and least developed countries, slowing their economic growth and negatively affecting their development prospects. Discussions had also focused on what was already being done – and what more needed to be done – to tackle the issue of reducing trade costs as well as on how the Aid-for-Trade (AfT) Initiative could assist in addressing these challenges.

Bangladesh, speaking on behalf of the Group of Least Developed Countries (LDC Group), welcomed the continued focus on Aid for Trade and the theme of the Global Review. Discussions had highlighted the extent to which high trade costs prevented LDCs from realizing their full potential in world trade and had shown that LDCs faced a comparative disadvantage in exporting goods to global markets. Lowering trade costs could enable LDCs to compete effectively in international markets. While LDC governments were taking appropriate measures to facilitate trade, support from the international community was also necessary. The monitoring and evaluation exercise and subsequent results should help to identify concrete, pragmatic and operational measures which could reduce – or even eliminate – the inefficiencies and challenges preventing LDCs from participating effectively in global and regional value chains. In this context, the Post-2015 Development Agenda should be one of the guiding elements in drawing up the new AfT work programme in conformity with the relevant Bali Ministerial Decision.

The LDC Group also welcomed the launch of Phase 2 of the Enhanced Integrated Framework (EIF) as well as Norway’s recently-announced commitment of US\$20 million to be disbursed in January 2016. The Group called for its rapid and efficient operationalization and implementation, including through the pledging conference scheduled to take place on the margins of the WTO’s 10th Ministerial Conference (MC10) where the LDC Group expected

strong political and financial commitment from the donor community.

Emphasizing that the share of Aid for Trade to LDCs must be commensurate with their development needs and challenges as well as the structural constraints and multiple vulnerabilities they confront, the LDC Group called for increased and sustained efforts on the part of the development partners to ensure that at least one third of total Aid for Trade went to the LDCs, and that the share of grants in AfT flows to the LDCs progressively increased to four fifths of the total.

AfT resources should be aligned with national priorities and needs, respecting the principle of national ownership and leadership of the country concerned in the development process and the LDC Group called for mobilization of Aid for Trade towards building productive capacity, economic diversification, and overcoming infrastructural bottlenecks, including energy, connectivity, road and other means of transportation as per the needs of LDCs.

Turning to the operationalization of the Trade Facilitation Agreement Facility (TFAF), he said that LDCs and developing countries expected to be provided with the support they needed to implement, as well as to benefit, from the TFAF and hoped to see some forward movement in this regard.

Concluding his remarks, he said that Aid for Trade could be a valuable complement to the Doha Development Agenda (DDA), but it could not be a substitute for the development benefits that would result from a successful conclusion to the DDA. Keeping this in mind, the LDC Group urged Members to pursue trade policies that were favourable to their exports. He said that in the run up to MC10, it would be necessary to build on the Bali Decisions so that LDCs could derive the intended benefits collectively desired by Members. The LDC Group therefore encouraged Members to design service preferences for LDCs in such a way that they could derive economic benefits. The Group also look forward to concrete progress being made in the upcoming meeting of the Committee on Rules of Origin – where improvements were necessary for LDCs to benefit from preferences. And finally, the Group urged Members to advance the implementation of the Bali DFQF Decision and noted that if a strong package for LDCs was possible at MC10, the efforts of the Aid-for-Trade Initiative would bear fruit.

Benin, speaking on behalf of the African Group, noted that the theme of the 5GR was of particular importance to the African Group given the current discussions on the establishment of a Continental Free Trade Area (CFTA) in Africa. The aim of the CFTA was to promote regional integration, increase the share of Africa's international trade, and create a favorable environment for trade and investment in order to strengthen Africa's competitiveness and capacity to access regional and global value chains (GVCs). On the question of reducing trade costs, the Group called for a pragmatic approach that would address the continents' concerns, capitalize on achievements, share good practices, and identify and resolve remaining challenges. Trade facilitation was also important to Africa and expectations were that the TFAF would be operationalized as soon as possible so as to provide developing countries and LDCs with the support they needed to carry out reforms under the TFA to allow them to benefit from the economic gains that would ensue. A future biennium work programme on Aid for Trade should provide the framework for the measures to be taken so that developing countries' and LDCs' could achieve this goal.

In this regard, the African Group believed that AfT resources should be additional, predictable, effective and sustainable. This was particularly important given that recent figures showed that, while Africa and Asia were the main recipients of regional AfT flows, in 2013 commitments to Asia had exceeded those of Africa, with flows to Asia amounting to US\$22.7 billion compared to US\$19.3 billion for the African continent. This represented an increase of Aid for Trade to Asia of 33% over the 2012 figure and a decrease of 12% to Africa, making the African continent the only region that had seen a double contraction of AfT commitments since the global financial crisis in 2009. This decrease had particularly affected the already vulnerable small African economies, and in particular LDCs, where for 2011-2013 Aid for Trade had represented more than 5% of Gross Domestic Product. Another challenge that needed to be resolved was the level and ratio of AfT commitments against disbursements; for Africa this was at 71%, compared to 73% for Asia, 77% for Oceania, 83% for America, and 86% for Europe.

The African Group believed that the success of the 5GR was contingent on the efficient implementation of the outcomes that resulted from discussions. The Group therefore recommended that Members worked in consultation with other AfT stakeholders,

including regional economic communities, regional development banks, the private sector, etc., to effectively monitor Aid for Trade and develop the next work programme on Aid for Trade. MC10, which would also mark the 10th anniversary of the Aid-for-Trade Initiative, should be used as an opportunity to reiterate commitment to the Initiative and to mobilizing additional, predictable, effective and sustainable resources. The upcoming 10th anniversary should be used as an opportunity to conduct an evaluation of results since the Initiative's launch in 2005. At MC10 an assessment should then be made of the implementation of the Initiative so that guidance could be provided as to its future direction.

Paraguay, speaking on behalf of the Landlocked Developing Countries (LLDCs), referred to the side event it had jointly organized with Tajikistan at which the main elements of the Vienna Programme of Action (VPoA) for Landlocked Developing Countries 2014-2024 were presented, in particular those where Aid for Trade could play a crucial role. The side event – the first such event to be organized by the LLDCs – had also reviewed the progress made by LLDCs in implementing trade facilitation reforms and had served to emphasize the importance of reversing the structural weaknesses that prevented LLDCs from harnessing trade to achieve economic growth by targeting their root causes and the channels through which LLDCs could work themselves into the economy. All panellists had agreed that donors and international organizations should be urged to redouble efforts to tackle high trade costs, especially as a means to support the implementation of the WTO TFA. Particular attention was also given to the development and expansion of efficient transit systems and transport development, trade facilitation, enhancement of competitiveness, expansion of trade, structural transformation, and regional cooperation, in order to transform LLDCs into land-linked developing countries. In this regard, it was noted that the primary goal of the VPoA was to address in a more coherent manner the special development needs and challenges faced by landlocked developing countries due to their remoteness and geographical location, and to contribute to their enhanced, sustainable and inclusive growth.

Finland informed that Aid for Trade and private sector development would remain one of the key priorities of future Finnish development cooperation and that it expected to enhance investment in AfT

activities. Finland welcomed the prominent role given to the theme of trade and gender in the 5GR and said that it was important for trade liberalization to support gender equality and women entrepreneurs. Protectionism and closed markets stalled progress in gender equality and led to fewer opportunities for women entrepreneurs and lower wages for women. The objective of trade liberalization needed to be shaped into concrete action points. In this respect, the WTO and other organizations' activities, such as the conclusion of the DDA negotiations, full implementation of the TFA, and the Aid-for-Trade Initiative in general, played a major role. Finland looked forward to another successful decade for Aid for Trade.

Chinese Taipei noted that out of the approximate US\$274 million of its Official Development Assistance (ODA), more than 30% was devoted to improving the economic infrastructure and production sectors of its partnership countries thus strengthening their economic development. Chinese Taipei had shared its cooperative experiences in developing countries and LDCs at the side event it had organized during the 5GR where presentations were made on successful case stories in Africa ("Sweet potato marketing and production program" in Swaziland), in Latin America and the Caribbean ("Customs and trade facilitation project" in Belize), and in the Pacific ("Developing tropical fruits vegetable project" in Fiji). Noting the link between the 5GR theme "Reducing Trade Costs for Inclusive, Sustainable Growth" and Chinese Taipei's "Customs and Trade Facilitation Project" in Belize which involved building a Supplies Control Unit Database System (SCU), and UNCTAD's Automated System for Customs Data (ASYCUDA) to digitalize import and export licensing procedures and to streamline administrative processes, he said that these on-line services would improve Belize's ability to analyse import and export data and lead to more efficient trading, with the average time to process applications for related permits and licences expected to be reduced to just 1.6 days. It was estimated that approximately 5,000 people in Belize would benefit from the improvements in the trade and tariffs service. As a result of this trade facilitation, barriers to trade would be reduced, trade procedures would be better managed, and domestic prices should be stabilized in Belize.

Regarding technical assistance and cooperation, Chinese Taipei had recently signed an MOU with the WTO to contribute to the "Standard Trade Development Facility" for a further three years. The

contribution represented a total of US\$240,000 to be spent on improving SPS measures in developing countries and LDCs. As far as preparations for MC10 were concerned, Chinese Taipei reaffirmed that all Bali Decisions regarding LDC issues should be fully implemented, including the LDC services waiver. The decision to hold MC10 in Africa for the first time in 20 years was a clear demonstration of the international community's commitment to facilitate Africa's integration into the multilateral trading system. More needed to be done to enable LDCs to use trade as a means to leverage growth and development and Chinese Taipei intended to link its future AfT strategies more closely to the guidelines coming from the UN Post-2015 Development Agenda and the new Sustainable Development Goals to be agreed in September 2015. Along with its two foreign aid concepts ("Partnerships for Progress" and "Sustainable Development") and guided by its three governing principles ("Seeking Proper Goals", "Acting Lawfully" and "Exercising Effective Administration"), Chinese Taipei's aim was to build more effective cooperative partnerships to advance the integration of all developing countries and LDCs into world trade. A periodic exercise such as the Global Reviews of Aid for Trade was vital, not only as a forum for donors, partner countries and implementing agencies to share experiences and best practices, but also as a mechanism for keeping up the momentum on Aid for Trade. Chinese Taipei reaffirmed its commitment to the Aid-for-Trade Initiative and stood ready to work with its development partners to reduce the cost of trade, to expand trade facilitation, and to advance the integration of all developing countries and LDCs into the global trading system.

Zimbabwe associated her remarks with those made on behalf of Benin (on behalf of the African Group) and Paraguay (on behalf of LLDCs). She acknowledged the importance of the Aid-for-Trade Initiative and the significant contribution it made to Members' trade and development. She welcomed the continued rise in levels of Aid for Trade and noted that, during the period under review, Zimbabwe had received trade-related aid amounting to over €3 million which included €2.9 million from the European Union for implementation of trade-related programmes under the International Trade Centre's Trade and Private Sector Development Project (TPSDP). The TPSDP was assisting Zimbabwe's efforts to implement the Interim Economic Partnership Agreement through the facilitation of access to market information and opportunities, institutional capacity building of its export promotion body ZIMTRADE, business

associations, the Government, and other trade and private sector agencies.

On Trade Facilitation, she said that the 5GR theme “Reducing trade Costs for Inclusive Sustainable Growth” was relevant to TFA implementation and informed that Zimbabwe would soon be carrying out a needs assessment exercise in order to determine gaps in terms of capacity to implement and capacity for compliance. In Zimbabwe’s view, Aid for Trade should therefore target programmes to implement the TFA. In order to fully comply with the provisions of the TFA, Zimbabwe appealed to the donor community and to development partners to provide funding for infrastructure projects such as roads, rail, internet connectivity, one stop border posts, transport corridors, dry ports, energy projects and modernization of customs facilities. By targeting Aid for Trade for such infrastructure projects, Zimbabwe could reap greater benefits that would translate into development and poverty reduction. She welcomed the African Development Bank’s mobilization of resources for infrastructure projects and for establishing a funding facility and added that Aid for Trade should also target supply-side constraints in order to enhance the effectiveness of the Aid-for-Trade Initiative. With respect to the TFAF, Zimbabwe was concerned that the Facility was still undercapitalized and appealed for more funding.

As an example of a successful infrastructure project, she highlighted the One-Stop Border Post (OSBP) established in 2009 between Zimbabwe and Chirundu, Zambia which had been funded by COMESA and other donor agencies. Since the introduction of the OSBP, revenue collection for both countries had increased by 50%, the costs of clearance of goods had been significantly reduced, and border efficiency had greatly improved. This was a positive and high impact project that should be replicated at all of Zimbabwe’s border posts, and in this regard cited the Beitbridge border post between Zimbabwe and South Africa as an example.

Zimbabwe experienced unique challenges due to its landlockedness and geographical location and was faced with much higher trade costs than coastal countries. Aid for Trade should therefore link the country to various trade destinations and Zimbabwe called on the donor community and development partners to ensure that a larger proportion of Aid for Trade was targeted to LLDCs and that this type of aid was aligned to the beneficiary country’s policy

objectives. Zimbabwe further called on Members to implement the VPoA which would benefit LLDCs.

Norway noted that creating the right conditions for business and trade to expand was essential for job creation and development. Aid was important to support and foster private sector development, trade and investments, and business was a key partner for achieving development objectives. Almost all fast growing economies had a dynamic trade sector. Trade was a valuable and immediate source of income and, while, on the whole, trade expansion contributed to economic growth and increased employment, a considerable number of developing countries, and in particular many least developed countries, remained at the margins of this process. It was therefore a matter of some concern that, since 2006, there were only three LDCs amongst the ten largest AfT recipients. Norway would like to see an increased share of AfT resources, and ODA in general, going to the poorest countries. It was against this backdrop that Norway had contributed NOK 150 million to Phase 2 of the EIF. Aid for Trade was of particular importance to deal with supply-side constraints in LDCs and could stimulate the necessary transformation. Trade facilitation measures were a case in point, and it was important that donor countries followed up with commitments to assist developing countries with TFA implementation.

Regional integration was also essential for growing economies and Norway was encouraged by the new Tripartite Free Trade Area in Africa which could mark a new beginning for intra-African trade. According to optimistic estimates, trade between African countries could increase from 12% to 30%, provided the necessary political will to implement the agreement was present.

Achieving women’s economic empowerment must be high on the AfT agenda since the promotion of equal opportunities for women in production and trade was vital for economic growth, as well as a prerequisite for a just society. Development required investing in the most valuable resource of any country, i.e. its population. Education for girls, women’s legal rights to land and women’s access to financial services were crucial to integrate women into the economy and trade. Governments that did not work proactively to include women in the workforce should be aware that such practices came at a price: much lower living standards, as well as lower levels of welfare for society as a whole.

The problem of climate change was similarly linked to the challenges of development, and a climate change perspective was also needed within Aid for Trade. International donors had a critical role to play in supporting developing countries' efforts in climate change mitigation and adaptation. Liberalizing trade in environmental goods would contribute to wider access to modern and climate friendly technology.

Concluding her remarks, she noted the need to increase aid effectiveness, achieve concrete results, and enhance quality assurance in AfT efforts and said that Norway would like to call for a more strategic, evidence-based and results-oriented approach.

The **Republic of Guinea** said that the 5GR theme was timely since the production of goods and services had globalized and the globalization of production needed a variety of ways to achieve the best conditions in world markets. The Republic of Guinea was therefore convinced that Aid for Trade could be used as a response to the problems and requirements of global markets. Public-private partnerships were essential in developing countries and LDCs to allow these countries to build and upgrade basic infrastructure, particularly in the areas of telecommunications, energy, transport and logistics, education, health. Coordination among key actors at regional and international level was also vital for the implementation of countries' programmes and projects. The modernization of the business and industrial environment, through investment and technology transfer, were all elements that would contribute to facilitating trade, but reducing trade costs for sustainable and inclusive growth was even more important. The Republic of Guinea recommended that the periodic Global Reviews continue and believed that the Aid-for-Trade Initiative had proved its worth, particularly through initiatives such as the EIF. He noted that the mainstreaming of trade in its national programme for poverty reduction had been effective in the Republic of Guinea and had led to better coordination with partners. The EIF had been instrumental in this regard.

Referring to the upcoming WTO Ministerial Conference, he said that this should be used as an opportunity for Members to reaffirm and strengthen their commitment to Aid for Trade.

In concluding his remarks, he explained that the Ebola outbreak had almost isolated the Republic of

Guinea economically with air and sea routes at one point becoming scarce and very expensive. This had resulted in an increase in trade costs to and from the country. He expressed appreciation for the support that had already been provided during the outbreak and urged for continued assistance so that the Republic of Guinea could overcome this health crisis.

Tanzania said that the 5GR discussions had allowed for an in-depth analysis of the issues which exacerbated trade costs and various ways had been explored of how to reduce burdensome trade costs, through AfT financing, to provide sustainable solutions which promoted inclusive growth. However, high trade costs remained a long-term challenge for most LDCs which ultimately impacted on pricing of imports and exports and eroded their competitiveness in international markets.

The EIF, and the new programme framework for its Phase 2, was the unique multi-donor programme supporting LDCs' trade needs and the critical avenue for channelling AfT resources to these countries. Tanzania appreciated the efforts undertaken by development partners thus far on Aid for Trade in LDCs and welcomed Norway's recently-announced commitment of US\$20 million to support EIF Phase 2. Tanzania had benefited from Aid for Trade through various programmes, projects, capacity building and analytical work. He noted that LDCs faced a number of challenges, including supply-side constraints, which affected their ability to integrate into international trade and said that Tanzania welcomed both the launch of the EIF Phase 2 and the pledging conference to be held in the margins of MC10 as another step for confirmed support to LDCs. Tanzania called upon all multilateral agencies and financial institutions to continue their support to facilitate access to finance for the private sector which were also part of the engine and catalyst for LDCs' economic development. He emphasized the importance of fulfilling the commitments to be made at the pledging conference and ensuring their timely disbursement by donors and partners. Beneficiary countries were eagerly waiting to work together to ensure that what had been agreed upon was timely translated into realities and looked forward to continued engagement with all partners.

Nepal associated his remarks with those made by Bangladesh (on behalf of the LDC Group). He said that, as an LDC as well as an LLDC, Nepal recognized how

excessive trade costs could impede an economy's integration into the multilateral trading system and prevent it from accruing any meaningful benefits. The 5GR had provided an opportunity to discuss and explore ways and means of reducing trade costs to enable a smooth and efficient operation of global trade to achieve inclusive, sustainable development and poverty reduction. Since its launch in 2005, the Aid-for-Trade Initiative had played an instrumental role in building trade capacity and infrastructure, and in addressing developing countries' and LDCs' supply-side constraints. The recently-launched publication "Aid for Trade at a Glance 2015" showed that, since 2006, a total of US\$246.5 billion in ODA had been disbursed in addition to US\$190 billion other official flows for financing trade-related programmes in developing countries. Of this, LDCs received only a small percentage, especially bearing in mind the numerous challenges faced by the poorer countries such as LDCs. More than three quarters of total Aid for Trade had been spent on financing projects in four key sectors, namely transport and storage, energy generation and supply, agriculture development and banking and financial services. These were all critical sectors for economic growth and for making trade an engine of growth for LDCs economies. Nepal therefore reiterated that future Aid for Trade should be guided by the fundamental principles of additionality, predictability and sustainability as well as effectiveness.

Turning to the EIF, he said that it had worked exceptionally well as a dedicated AfT programme tailored to LDCs' needs. Nepal was committed to enhance partnerships and leverage all possible resources for more effective implementation of projects under the EIF, paying special attention to diversification of activities and product development, and hoped that the EIF would receive sufficient attention from all relevant donors and international agencies to make Phase 2 of the Framework an even greater success.

On trade facilitation, he noted that the TFA was a landmark achievement in the history of the WTO. By applying various constructive measures and provisions under trade facilitation, poorer countries could achieve a lot in bringing down the cost of their trade transactions, enhancing competitiveness and enhancing their integration in regional and international economies and value chains. Global partnerships and unlocking the resources for taking effective trade facilitation measures that addressed

the real needs of countries at various levels of development was essential in this regard.

On Aid for Trade, he said that in future this needed to address the specific needs and challenges of the most vulnerable and marginalized economies, particularly those which, like Nepal, were suffering hardship as a result of devastating disaster. In this regard, targeted, sustainable and predictable Aid for Trade, coupled with removing or lessening both tariff and non-tariff measures, were key factors, among others, to support those LDCs facing high trade costs.

Finally, Nepal called upon the international community to incorporate all the messages from the 5GR when designing the next stage of the Aid-for-Trade Initiative.

Indonesia said that the 5GR had allowed for important and fruitful discussions on reducing trade costs for inclusive, sustainable growth. She referred to the report on Aid for Trade in Asia and the Pacific, presented at the 4th Global Review in 2013²⁶, and highlighted some of the report's findings that were germane to the 5GR theme. The Report had accentuated that trade organized through value chains was an important engine of growth for countries in the Asia/Pacific region. More than 80% volume of Asia's merchandise trade was in parts and components and this figure would continue to grow. While gains from participation in the global trading system were strong in the region, these were uneven due to gaps in a country's capacity to trade. Trade capacity building and engaging the private sector were therefore essential to enable these countries to access GVCs and this concept should be mainstreamed in any national AfT programme.

Indonesia was very active in AfT-related activities and had received approximately US\$3.2 billion Aid for Trade over the last ten years which had been focused on the development of economic infrastructure and building productive trade capacity. For Indonesia, domestic infrastructure combined with an improved investment climate and development of trade financing, were crucial to reap the maximum benefits of trade and to achieve national objectives.

26 Aid for Trade in Asia and the Pacific: Driving Private Sector Participation in Global Value Chains. See https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13prog_e/aftrtg_asian_e.pdf

Infrastructure development had become the main focus of Indonesia's new Government with the aim to make its national economy more competitive. To achieve this objective, Indonesia planned to construct 2,000 kilometres of roads nationwide, ten new airports, ten ports, and ten industrial estates to support the national logistic system, to re-boost economic production and to enhance economic integration. To improve its investment climate, Indonesia was implementing a One Stop Service (OSS) Centre which would provide quick, simple, transparent and integrated license services. Public-private partnership projects were also being offered by the Government to accelerate the provision of infrastructure with the aim of stimulating economic growth at the targeted level of 5.7%. It was expected that these AfT projects would support Indonesia's national development programme to achieve sustainable development. Improving AfT effectiveness was therefore particularly important given the declining trends of AfT financial assistance.

Since becoming a middle-income country in 2008, Indonesia's engagement in international cooperation had shifted from one of "beneficiary" to a more active player. Its traditional cooperation approach had also shifted to one of development effectiveness and global partnership. Within this new role, Indonesia saw international cooperation, and particularly South-South and Triangular Cooperation (SSTC), as a tool for more effective development cooperation, with an emphasis on knowledge sharing. In this regard, Indonesia had engaged in a number of cooperative undertakings, as a partner as well as a donor and, from 2000-2014 had carried out more than 404 programmes and activities with at least 4472 participants from the Asia, Pacific, Africa, Middle East and South American regions. Indonesia's aimed to scale up its knowledge sharing activities as part of capacity building with an emphasis on SSTC which, it believed, served as a genuine model for global partnership for development by providing a two- and three-way learning process where all parties contributed their best advantages, thus creating a truly mutual cooperation. In this regard, Indonesia saw SSTC as an essential complement to North-South cooperation.

In conclusion, she noted that Indonesia was involved in the UN's emerging Post-2015 Development Agenda which aimed to support the emergence of a global development agenda which would be recognized by all countries and stakeholders as one that would address the global challenges they faced

and aspirations they all had for a better future. Aid resources therefore needed to be harnessed and generated to support the requests for assistance post-2015.

Ecuador said that Aid for Trade should promote a diverse and inclusive economy oriented towards developing countries' and LDCs' knowledge, social and technological innovation. It should focus on, *inter alia*, solving existing problems in logistics, productivity, connectivity, knowledge transfer, and market access which would reduce business costs and enable micro-, small-, and medium-sized enterprises (MSME) in these countries to access GVCs. In this regard, the TFA could contribute to this objective through the effective implementation of Section II of the Agreement.

Aid for Trade could only be effective if it reduced existing asymmetries in the global trading system. As affirmed by ECLAC²⁷, Ecuador believed that these asymmetries were reflected by the lack of consistency between the importance of developing economies and their level of participation in world trade or their opportunities to access markets. It was therefore imperative that the Global Review assessed how Aid for Trade had effectively contributed to developing countries' and LDCs' efforts to increase their participation in international trade. Ecuador, like others, believed that trade was a tool for achieving development through capacity building, knowledge- and experience-sharing, and transfer of technology. By way of common agendas, it should strengthen regional integration and South-South cooperation by taking into account the development needs of each country involved in the integration process.

To reduce trade costs, the productive sector needed to be strengthened to increase productivity and quality of export products, with an emphasis on MSME processes. Aid for Trade should therefore target diversified and eco-efficient production aimed at promoting an export economy of services and goods with the necessary quality to be recognized in markets, taking into account natural and social factors.

27 Financing for Development in Latin America and the Caribbean: A Strategic Analysis from a Middle-Income Country Perspective. See <http://www.cepal.org/en/publications/37767-financing-development-latin-america-and-caribbean-strategic-analysis-middle>

The **Central African Republic** associated his remarks with those made by Bangladesh (on behalf of the LDC Group), Barbados (on behalf of the ACP Group), and Benin (on behalf of the African Group). He welcomed the opportunity provided by the 5GR to assess the progress made in the Aid-for-Trade Initiative and expressed appreciation for technical and financial partners' support which had allowed developing countries and LDCs in particular, to reduce trade costs and enhance their access to GVCs. A number of challenges still needed to be addressed such as, for example, providing support to enhance the trade of the most vulnerable countries, including those that had been victims of natural disasters which had seriously reduced their productive and export capacity, as well as their trade infrastructure which, in some cases, had been completely destroyed. The 5GR had particularly highlighted the difficulties faced by landlocked developing countries with regard to trade policies which had an impact on efforts to achieve poverty reduction. Non-tariff barriers, for example, were discouraging importers from investing in landlocked developing countries such as the Central African Republic which, in turn, had an impact on goods in transit. The TFA must therefore allow for the timely elimination of all barriers to trade and therefore contribute to sustainable growth. Reducing trade costs meant investing in energy which was essential for production, investing in transport in order to facilitate transferring products from one point to another, and allowing consumers to pay the right price. He said that the 5GR discussions had highlighted the beneficial effects of trade and noted that US\$1 invested in Aid for Trade could on average produce US\$20 dollars in terms of exports. But an assessment should not only rest on figures. Concrete effects of sector-specific AfT support to countries and geographical regions should also be assessed and it was for this reason that trade costs must be taken into account in the Post-2015 Development Agenda. The Central African Republic welcomed the launch of Phase 2 of the EIF and considered that this programme would contribute effectively to strengthening developing countries' productive capacity and increase the value of products.

Guatemala, on behalf of the Small, Vulnerable Economies (SVEs), welcomed the opportunity provided to the SVEs to actively participate in the 5GR and expressed appreciation for the support provided by partners and donors. The SVEs believed that important issues and challenges remained vis-à-vis Aid for Trade, including, for example,

the geographical distribution of AfT assistance. Reducing trade costs was vital in order for SVEs to increase their competitiveness and integration in GVCs. The 5GR discussions had allowed for a meaningful exchange of views and he hoped that SVE's needs would continue to be taken into account in future AfT activities.

Korea noted that Aid for Trade had been indispensable for the economic growth of developing countries and, in particular, LDCs, as evidenced by previous Global Reviews. As part of this successful process, Korea had continuously increased its AfT which, in 2013, had reached more than US\$0.5 billion, representing over 40% of total bilateral aid. The reduction of trade costs was essential for developing countries' and LDCs' development and economic growth and the 5GR had highlighted the importance of lowering trade costs not only in terms of merchandise goods but also of the services sector. The 5GR discussion had improved understanding of how trade facilitation measures were imperative for the sustainable growth of world trade as well as for the inclusive development of developing countries. Sharing Korea's achievements in the area of trade facilitation, he noted that, since the early 1990s, Korea had introduced a number of innovative customs systems (e.g. an automated electronic customs system, a paperless import declaration system, a single window system, and an authorized economic operator system) which had enabled Korea to increase its trade volume at an annual rate of almost 14%, compared to the annual world trade volume of 7.6%. Through joint efforts with the WTO and the World Customs Organization, as well as bilateral assistance programmes, Korea had also supported developing countries in the area of customs modernization and trade facilitation capacity building. With MC10 in mind, Korea was making every effort to complete its domestic procedure to ratify the TFA.

Korea welcomed the launch of Phase 2 of the EIF and said that it would continue to strongly support the programme as it had done during Phase 1.

Noting the WTO's 20th anniversary, he said that a successful conclusion to the DDA negotiations and the Post-2015 Development Agenda was essential for giving new direction to the inclusive development of the world economy. Aid for Trade was indispensable in this regard, not only for the growth of the developing world but also for common prosperity. Given the many important upcoming

global events, such as the Third International Conference on Financing for Development, the UN Summit for the Post-2015 Development Agenda, and MC10, 2015 was a particularly symbolic year to address Aid for Trade. Korea hoped that, through the concerted and collective efforts of the international community, these opportunities would be used to advance the AfT agenda. Korea, for its part, would continue to contribute to ensure the success of all these initiatives.

Uganda associated his remarks with those made by Bangladesh (on behalf of the LDC Group), Benin (on behalf of the African Group), and Paraguay (on behalf of the LLDCs). He said that the 5GR discussions had provided an opportunity to understand the role of Aid for Trade in reducing trade costs for sustainable development. Uganda welcomed the launch of Phase 2 of the EIF and urged that Norway's contribution of NOK 105 million be used as a best practice for other partners to follow. Uganda looked forward to a successful pledging conference in the margins of MC10.

With regard to the TFA, he noted that, with the support of development partners such as TradeMark East Africa, the East African Community (EAC) had already undertaken significant work in facilitating trade. The establishment of 13 One-Stop-Border Posts was planned, with seven of these already operational. EAC had also introduced, *inter alia*, a Single Customs Territory which had removed multiple weighbridges, and police and customs checks along the Mombasa-Kampala-Kigali route, and computerized clearance and electronic cargo tracking which had removed many obstacles along the Northern Corridor. These efforts had reduced the cost of doing business by about 50% in the East African region with, for example, the time to move cargo between Mombasa and Kampala now taking four days instead of 18 days, and the time for a truck to move from Mombasa to Kigali taking three days compared to 21 days. EAC had also put in place a law at regional level to eliminate existing NTBs and to prevent the emergence of new ones. Out of 95 NTBs that had been identified, 71 had been abolished, and a time-limited work plan had been put in place for the elimination of the remaining 24. In addition to the various National Response Strategies in place, a National Response Mechanism had been set up to collect real time information, improve inter-institutional coordination, and to reduce the response time to resolving in-country incidence of NTBs. Uganda was undertaking the necessary

processes to ratify the TFA and, in its view, MC10 should therefore be focusing on unfinished business.

Aid for trade was especially important for Africa which was home to more than 70% of LDCs. Africa's infrastructure deficits were alarming with reports indicating that less than 40% of the continent's population had access to electricity, about a third of the rural population had access to roads, and only five per cent of agriculture under irrigation. The continent therefore needed hydropower dams and transmission power lines to facilitate production and roads, railways and ports to facilitate commerce and trade, and core ICT infrastructure to support trade in goods and services, as well as governance structures. He said that addressing all these issues would reduce trade costs and noted that the cost of addressing Africa's infrastructure deficit had been estimated to be approximately US\$90 billion every year for the next decade. EAC was committed to ensure that all benefitted from regional integration. The Northern Corridor Infrastructure Program, for example, included 14 projects for railways, ICT, trade and tourism. There was also a plan to build the Standard Gauge Railway line to cross the entire corridor.

In the run up to MC10, he said that a mind-set should be adopted that built on using trade as a vehicle for development. He called on the CTD Chair to urge Members to use the example of EAC as a best practice; EAC's efforts with regard to removing NTBs could, for example, inform the discussions on market access. MC10 should build on the achievements thus far and deliver on the development objectives of the Doha Ministerial Declaration.²⁸ He stressed that Aid for Trade was a vehicle, and not a substitute, for the development benefits resulting from a successful conclusion of the DDA. Uganda called on Members to prioritise LDCs' needs and interests consistent with Paragraph 57 of the Hong Kong Ministerial Declaration.²⁹ AfT commitments to LDCs should be commensurate with their development needs and challenges and aligned with their individual structural constraints and multiple vulnerabilities. Uganda urged development partners to ensure that at least one third of total Aid for Trade was disbursed to LDCs and underlined the need for additionality,

28 https://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm

29 https://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm

predictability, sustainability and effectiveness of AfT resources.

Nigeria associated his remarks with those made by Benin (on behalf of the African Group), Bangladesh (on behalf of the LDC Group), Paraguay (on behalf of LLDCs), Guatemala (on behalf of the SVEs), and Barbados (on behalf of the ACP Group). He noted that the joint OECD-WTO publication “Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth” had provided a good basis for the 5GR discussions which had shown that, since its inception, the Aid-for-Trade Initiative had sustained the momentum needed to achieve its objectives. It had also demonstrated that both partner countries and donors were taking the issue of trade costs seriously and that action in this area remained the focus of engagement.

He said that focusing the 5GR in the context of the Trade Facilitation Agreement was pertinent given that many developing countries were being priced out of the global market due to the high trade costs arising from, for example, bottlenecks and inefficiencies at the borders or from difficulties related to the business environment. High trade costs were of particular concern to, and a major obstacle for, African trade performance and were largely responsible for its weak global competitiveness. International trade was essential for poverty alleviation and Nigeria, like others, recognized that trade was key to helping countries develop, create jobs and ensure sustainable economic development and growth. The increase in NTMs, however, posed new challenges for international development efforts and Nigeria believed that if issues such as non-tariff barriers, tariffs and transport costs were not adequately addressed developing country exports would not only be priced out of global markets but, more importantly, the overall objectives the Post-2015 Development Agenda would be seriously undermined. For many developing countries, and especially for SMEs, compliance with private standards requirements often proved to be challenging and created more obstacles and higher trade costs, instead of lowering barriers and reducing trade costs. Nigeria agreed with the responses to the OECD-WTO monitoring survey which identified three main priorities where Aid for Trade could help reduce trade costs as being in the area of: infrastructure; border procedures (trade facilitation); and non-tariff measures (such as product standards).

Against this background, Nigeria highlighted the following key messages: (i) some of the reductions in trade costs could be more effectively and economically achieved at the regional rather than international level; (ii) evidence showed that trade could be expanded within existing regional integration schemes through less costly and straightforward reforms; (iii) particularly in LDCs, trade is increasingly perceived as a key instrument for achieving development objectives, including inclusive economic growth and poverty reduction, as illustrated in some of the case stories submitted in connection with the monitoring exercise; (iv) the significance of private sector involvement, improving the business climate, and linking trade policy to Aid for Trade; (v) the need to link multilateral, regional, and bilateral trade opening initiatives with comprehensive national trade capacity building strategies, using Aid for Trade as a catalyst; (vi) particularly critical was the availability of efficient and competitive private-service suppliers in areas ranging from trade finance and risk insurance, to trucking, airfreight, and warehousing; and (vii) many partner countries considered customs reforms, tariff reforms and infrastructure upgrading to have the most positive results in terms of reducing trade costs for goods and services.

While more could still be done, he said that Aid for Trade was making a modest impact as evidenced by the joint publication and the case stories submitted by beneficiaries which showed that some of the AfT interventions had improved trade performance and had attracted further domestic and foreign investment. Aid for Trade therefore had a vital and growing importance for the African continent. It was hoped that AfT resources would be additional, predictable and sustainable with respect to regional distribution particularly since, in 2013, most of the AfT commitments went to Asia (which recorded a total of US\$22.6 billion in commitments, representing an increase of US\$5.6 billion compared to 2012) whilst commitments to Africa amounted to US\$19.3 billion (a fall of US\$2.6 billion compared to 2012). He noted that the objective of evaluation was to measure overall performance and said that improvements were still needed in respect to impact of Aid for Trade, including with regard to the effective and timely involvement of stakeholders. Nigeria shared the view that evaluation should be the basis, and an important tool, for managing implementation. He expressed appreciation for donors continued commitment to the Aid-for-Trade Initiative especially in support of trade capacity

building, including in relation to bridging the gaps in infrastructure development.

In concluding his remarks, he noted that, in the context of the upcoming Third International Conference on Financing for Development, it was important to ensure synergies between financing objectives across the three dimensions of sustainable development, including in the context of the ongoing multilateral efforts to promote international development cooperation.

India said that the 5GR discussions had highlighted some important elements in the AfT debate including, for example, that Aid for Trade could play a vital role in assisting developing countries, and LDCs in particular, build their infrastructure and productive capacity, which was essential for promoting trade and investment. The focus and discourse on reducing trade costs for inclusive, sustainable growth had emphasized the advantages of trade facilitation in reducing trade costs relating to border procedures. Other important types of trade costs for goods had also been identified such as trade-related infrastructure (rail or road corridors, ports, and ICT), quality logistic services, non-tariff measures, access to trade finance, network infrastructure, etc.

He noted that a number of studies had highlighted the fact that developing countries integrated at the lower end of GVCs and that economic gains from GVC integration were very limited. While lead firms in advanced countries controlled higher value-added creation activities (such as research and development, marketing and distribution etc.), developing country supplier firms were involved in lower value-added activities (such as manufacturing or assembly). Moving up the value chains was severely limited for developing countries due to their low technological base, lack of infrastructure, lack of skilled man-power, etc. He quoted one of the findings of the WTO's World Trade Report 2014 which said that "often lead firms possess rare capabilities while suppliers further down the chain stand in increasingly fierce competition with each other to supply these firms. This leads to a large gain capture for the lead firms".

India was encouraged by the growth of South-South Cooperation (SCC), which was also reflected in the OECD estimates for nine bilateral providers of development cooperation in the recent joint OECD-WTO "Aid for Trade at a Glance" publication. India provided development assistance to partner

countries by way of Lines of Credit, Grant Assistance Projects and Capacity Building programmes. During the last decade, for example, 214 Lines of Credits aggregating approximately US\$13.3 billion had been allocated, of which more than US\$7.5 billion had been allocated to African countries and about US\$5.7 billion approved for non-African countries. A number of development projects in relation to India's grant assistance were being implemented in many partner countries, especially in neighbouring countries and Africa, in the areas of infrastructure development, hydroelectricity, power transmission, etc. Under the Indian Technical and Economic Cooperation (ITEC) and other schemes, over 8,000 training slots in 280 courses had been provided each year in 47 institutions. India's Duty Free Tariff Preference (DFTP) Scheme for LDCs provided Duty Free Quota Free (DFQF) market access on about 96% of India's tariff lines (at 6-digit HS code level) and additional 2.2% of the lines were enjoying preferential duties. He emphasized that India's SSC was voluntary and continued in spite of its domestic challenges faced by the providers of South-South cooperation themselves. SCC could neither replace nor substitute North-South Assistance and Cooperation which was the primary source of Aid for Trade.

The representative noted with concern that, according to the OECD Development Assistance Committee (DAC), in 2014 bilateral aid to LDCs fell by 16% in real terms to US\$25 billion and that in the same year net ODA as a share of gross national income (GNI) was 0.29% with only five of the DAC's 28 member countries exceeding the United Nations target of maintaining ODA at 0.7% of GNI.

India believed that Aid for Trade was one of the key contributions that the WTO could make to the UN's Post-2015 Development Agenda and Sustainable Development Goals which would provide the framework for international trade as a means of achieving inclusive and sustainable growth and hoped that donors could engage long term through additional and predictable AfT financing. India also expressed the hope that the 5GR would contribute to the ongoing dialogue on the subject of providing additional, predictable, sustainable and effective aid to developing countries for meeting their development aspirations.

The **United States** remarked that notable progress had been made since the 4GR in 2013 and said that, given the impressive work to conclude and implement the TFA, the 5GR's focus on reducing trade costs was particularly appropriate. The 5GR discussions had once again reinforced the importance of the TFA in advancing solid development outcomes in the trade sphere, as well as reminding of the extensive availability of relevant technical assistance from multiple sources. In this regard, the US urged WTO Members to take the domestic steps necessary to notify the WTO of their ratification of the Agreement. Entry into force of the TFA would be a notable achievement to celebrate at MC10.

A clear and consistent theme emanating from the opening remarks of the 5GR was that lower trade costs contributed significantly to sustainable, green, and inclusive economic growth and poverty reduction. This fact lay at the heart of the proposed SDGs. Citing the language from the joint OECD-WTO publication, he said that "high trade costs act as a brake on the trade integration of many developing countries, and in particular least-developed countries. To release the brake, concerted action is needed" and noted that this should be kept in mind over the coming months in the lead up to MC10.

He referred to the US side event entitled "21st Century Public Private Partnerships: The win-win of the Trade Facilitation Agreement" where the private sector had highlighted that trade facilitation played a role in their investment decisions and could critically affect their bottom line. The US, Germany, Canada, and the United Kingdom had also indicated their intention to partner with the International Chamber of Commerce, World Economic Forum, and the Centre for Private Enterprise to form a new initiative that would capitalize on the insights of the private sector to deliver robust implementation of the TFA. The Global Alliance for Trade Facilitation – to be officially launched later in 2015 – would harness private sector leadership and expertise to deliver commercially meaningful trade facilitation reforms driven by real-world metrics. The Alliance would create a new framework for cooperation for Aid for Trade between the private sector, donors and recipient countries to help maximize the vast potential of the TFA to accelerate development and create broad-based opportunity. Together with other participants in the Alliance, the US looked forward to sharing more information about the Alliance at MC10 and to updating on the results of the Alliance in the years ahead.

Japan said that the 5GR discussions had provided an opportunity to take stock of what had been done so far and to consider what to do to improve Aid for Trade. A lot of new initiatives and experiences had been highlighted showing that the expansion of trade was indispensable for growth and for tackling poverty and that this was becoming more and more relevant in relating to access to GVCs. Referring to Japan's own experience in this regard, he said that it was the expansion of trade that had resulted in the post-war development and economic prosperity of Japan. Robust development of regional and inter-regional value chains in Asia and the Pacific had also been seen. Based on this first-hand experience, and even before the notion of Aid for Trade, Japan had been actively engaging in assistance which aimed to support each stage of trade, namely, production, transportation, customs clearance, distribution and sales. As the largest AfT donor, Japan had provided approximately US\$26.9 billion over the three-year period 2011-2013.

In its new "Development Cooperation Charter", published in February, Japan had indicated its firm commitment to poverty reduction through helping to achieve "Quality Growth" and was particularly encouraged since some of the target areas of its assistance policy – such as infrastructure, SMEs and the empowerment of women – were precisely the key elements that had repeatedly been emphasized during the 5GR discourse. He said that Japan was ready to work towards "Quality Growth" in developing countries, in close partnership with other donors including the World Bank Group and regional development banks such as the AsDB, and with the private sector, and cited some concrete initiatives in the area. The first was the recent announcement by Prime Minister Shinzo Abe to extend US\$110 billion over the next five years to the Partnership for Quality Infrastructure initiative in Asia. Another was the 2016 TICAD³⁰ Summit which Japan was hoping to hold, for the first time, in Africa. Japan was committed to support Africa's quality growth through assistance for capacity building, building infrastructure and promoting trade and investment.

Referring to the focus of the 5GR, he said that an early entry into force of the TFA was particularly important and announced that Japan had accepted, on 1 June, the TFA Protocol and that it was encouraged by the fact that many developing Members had already

30 Tokyo International Conference for African Development.

notified Category A provisions. Japan looked forward to working with other Members – and in close coordination with the WTO and other donors, especially the World Customs Organization – towards an early entry into force and implementation of the Agreement.

Barbados, on behalf of the African, Caribbean and Pacific Group (ACP) Group, associated her remarks with those made by Benin (on behalf of the African Group), Bangladesh (on behalf of the LDC Group), and Guatemala (on behalf of the SVEs). She noted that the ACP countries had been significant beneficiaries of Aid for Trade since its inception in 2005. Aid for Trade played an important role in addressing developing countries' supply side constraints which was a major challenge for the ACP countries. The ACP Group urged continued attention to building transport-related infrastructure development in ACP countries so that these countries could better benefit from increased trade and foreign exchange earnings. The Group commended the work being done by the EIF which was an important vehicle for boosting LDCs' productive capacity and welcomed the launch of EIF Phase 2.

ACP countries said that new AfT projects should take account of the Post-2015 Development Agenda and of sector specific issues and, in light of the fact that trade-related costs continued to hamper intra-ACP trade, also urged that Aid for Trade be targeted at dealing with trade-related bottlenecks and be extended to include a wide range of areas in need of support, including facilitating sustainable adjustments in the context of climate change. Aid for Trade funding should also be additional, predictable and accessible and should not be a substitute for ODA. ACP countries also urged developed countries to contribute to the WTO Trade Facilitation Agreement Facility.

The 5GR discussions had provided an opportunity for knowledge-sharing and guidance, from which all could benefit, on the options available to help overcome the challenges associated with capacity building and increasing trade.

Papua New Guinea associated his remarks with those made by Barbados (on behalf of the ACP Group) and Guatemala (on behalf of the SVEs). He said that the 5GR had highlighted the specific challenges faced by Papua New Guinea and other Pacific Island Countries (PICs) due to their unique situation and one of the few regions with the highest

trade costs. The focus on TFA was particularly timely and he noted that Papua New Guinea and the Pacific WTO Members were advancing preparations for notification and ratification of the Agreement. He nevertheless reminded development partners of the significant challenges that remained for Pacific trade as had been highlighted by the Asian Development Bank Report³¹. He underlined the important role of Aid for Trade and the EIF in addressing the challenges faced by small producers in the area of trade infrastructure, export capacity, standard conformance, and ICT connectivity, and in adjusting to sustainable production to mitigate the impact of the climate change. Papua New Guinea and the PICs wished to ensure that a new Work Programme on Aid for Trade as well as the new EIF facility should be tailored to the trade needs of small economies.

The **Solomon Islands** said that the theme of the 5GR was timely especially since trade and growth linkages had been empirically proved and tested. However, she noted that growth might not be inclusive and pro-poor if the proper policy measures were not undertaken. High trade costs were a matter of concern, particularly for developing countries and LDCs and this issue need to be approached holistically. First and foremost was the importance of the development of products and productive capacities to participate in international trade and she said that future AfT resources should prioritize and target productive capacity building. Second, trade-related infrastructure such as transportation, energy, communication, etc., were vital to connect products to world markets. Proper attention and more AfT resources should therefore be targeted to the development of trade-related infrastructures. The private sector, and particularly small businesses, formed the majority of business in poor countries, but they lacked capital, access to finance, adequate know-how about the global market and trade rules, etc. AfT activities should therefore adequately include private sector capacity building projects and programmes to enable them to enter international markets. Assistance for human resource development, both in the public and private sector and particularly in the provision of training and skills development for farmers and workers in value chain processing, as well as development in technical expertise, should also be encouraged.

31 "Aid for Trade in Asia and the Pacific: Thinking Forward about Trade Costs and the Digital Economy".

Effective coordination in the programming of AfT resources, not only among donors but also between donors and recipient countries, needed to be strengthened. In this regard, she noted the instrumental role played by the EIF in relation to trade capacity building in LDCs and said that this was still very relevant for the Solomon Islands. The Solomon Islands therefore requested that partner agencies and donors continued their support to the EIF which was significantly helping LDCs in their trade and development.

Chile welcomed the 5GR discussions and exchange of views on the theme of “Reducing Trade Costs for Inclusive, Sustainable Growth” particularly since trade cooperation had been defined as one of the seven focus areas of Chile’s cooperation policy. Integration into the international economy, largely through the signing of 24 trade agreements with 63 economies, had had a decisive impact on Chile’s economic growth. This, in turn, had enabled Chile to transition from a net recipient country to a middle-income country and to establish itself as a provider of SSC and triangular cooperation with the aim of promoting trade development and integration in the Latin America and Caribbean region and elsewhere. Examples of this cooperation included in the area of training (i.e. courses, workshops, seminars and conferences) as well as technical assistance provided for specific areas of interest and trade promotion. He underlined that Chile’s SSC support focused on “trade cooperation” and said that Chile was determined to see all developing countries, and especially LDCs, able to increase their trade competitiveness.

Brazil said that the subject of trade costs was growing in importance and that Members needed to find concrete and effective ways of contributing towards the further integration of developing countries and LDCs into the global and regional value chains that increasingly underpinned and shaped global trade flows. The TFA was a major step in that direction, and Brazil, which had notified its Category A commitments in 2014, was taking the appropriate internal measures for TFA ratification and implementation. The TFA was consistent with Brazil’s current initiatives being adopted to modernize customs administration, such as the Single Window system scheduled to be fully operational in 2017, and the simplified customs regime for authorized economic operators. He indicated that, at the most recent meeting of the Preparatory Meeting of the TFA Committee, Brazil had shown interest in experience-

sharing with Members in relation to implementation of TFA commitments. Within its current budget and human resources constraints, Brazil still stood ready to contribute in capacity building towards the successful implementation of the TFA disciplines, particularly in systems modernization, process re-engineering, single window and post arrival inspection.

He noted that the 5GR was taking place in a milestone year for development across all of its dimensions with upcoming events including MC10, the Third International Conference on Financing for Development, and the UN Summit for the adoption of the Post-2015 Development Agenda. He briefed Members on Brazil’s major SSC initiatives noting, in particular, that while Brazilian cooperation was founded on the principles of respect of sovereignty and non-intervention in internal affairs, it was also devoid of economic and trade concerns and free from political conditionalities. Africa remained Brazil’s top priority with 33 African nations, including the Lusophone countries, benefitting from technical cooperation through 146 projects that mainly focused on education, professional training, agriculture, and health care, notably to fight diseases such as malaria, tuberculosis and AIDS. Agriculture stood out by far as the area with the highest demand for bilateral and trilateral cooperation, not only in regard to agribusiness but also to small-scale production, which helped strengthen family farming, food security and social inclusion. Cooperation in cotton, as illustrated by the C-4 Project with Benin, Burkina Faso, Chad and Mali, could be considered a success in this regard. Since 2010, a substantial amount of the compensation received by Brazil within the framework of the Cotton Dispute with the US had been channelled into cooperation programmes with other developing countries, especially in Sub-Saharan Africa, MERCOSUR member countries and associates, and Haiti. The Second Phase of the C-4 Project, launched in 2014, had been expanded to include Togo, and similar projects were being formulated in other regions of Africa and in Latin America.

The **International Trade Centre (ITC)** said that the 5GR had provided insights to a number of important issues ranging from standards and services to gender and regional integration all of which had a bearing on trade costs and the opportunity to meet with AfT partners, develop cooperation and strengthen collaboration. He noted that the TFA was the centrepiece of the global focus on trade

facilitation and said that ITC would continue to support members, especially LDCs, LLDCs and SVEs to categorize, notify and implement the Agreement. The 5GR discussions had confirmed that trade facilitation was a broad concept that included standards, especially private standards, competitiveness of SMEs, NTMs and issues regarding economic empowerment, specifically for women. He informed that ITC would continue to provide assistance to developing countries in all of these areas and partner with other agencies to leverage respective expertise. Referring to the recently-held Joint Advisory Group meeting, he said that ITC was expanding the depth and breadth of its AfT interventions to focus on effectiveness, results and impact. ITC welcomed the opportunity given, for the first time, to other agencies to collaborate on the preparation of the Aid for Trade at a Glance publication where ITC's input focused on the impact of trade costs on SMEs and that this trend would continue. He applauded the launch of Phase 2 of the EIF and said that ITC would continue to be a staunch supporter of the programme. In conclusion, he said that ITC looked forward to a successful Ministerial Conference in Nairobi.

The **United Nations Industrial Development Organization (UNIDO)** said that, as stated by Ambassador Amina Mohamed, the biennial reviews of Aid for Trade should be continued. Noting the successful launch of Phase 2 of the EIF, he commended Norway's initial pledge of €20 million to the programme and expressed the hope that other donors would make similar contributions at the pledging conference to be held in the margins of MC10. He said that UNIDO had been a committed and active development partner since the start of the Aid-for-Trade Initiative, working with donor and partner countries towards meeting the Initiative's objectives, and reassured partner countries of UNIDO's continued commitment. He noted that a key contribution of UNIDO to Aid for Trade was the Trade Capacity Building Resource Guide and recalled that the 2015 edition of the Guide – with a special focus on South-South trade – had been launched during the 5GR session on “Reducing Trade Costs in South-South Trade. South-South trade was a key area to be strengthened by development partners and UNIDO was pleased to be able to contribute to this. In light of the importance of compliance with standards, an issue that had been evoked on several occasions during the 5GR discussions, UNIDO intended to continue its research into border rejections for agro-based exports of developing countries. A new edition

of UNIDO's Trade Standards Compliance Report was available which shed further light on the root causes of non-compliance and identified how technical assistance could best address them.

In the context of the debate on future AfT priorities and programmes, he raised the issue of industrialization which had been fundamental to economic development and noted that it was only in circumstances such as extraordinary abundance of land or resources that countries had succeeded in developing without industrializing. This fact was again being recognized in development thinking and practice, with renewed interest in structural transformation, and a comparative analysis of the economic performances of countries had demonstrated that it was those countries with steady economic growth, driven by industrialization, international trade and related services that had managed to reduce poverty most effectively. The role of industrial development in structural economic change and in job creation, and the way trade could contribute to this had been duly acknowledged and discussed in the 2015 Aid for Trade at a Glance report. While industrial development had tremendous transformative potential, the pattern of industrial development across the globe had been highly uneven. It was for this reason that the Open Working Group, established to develop a set of SDGs in the context of the Post-2015 Development Agenda, had proposed the inclusion of a specific goal on inclusive and sustainable industrialization (i.e. the proposed SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”). In this light, and considering the comparatively modest share that was allocated to industry under Aid for Trade – a share that had dropped even further over the last years – UNIDO, as the UN agency with a designated role of central coordinator and promotor of international cooperation towards inclusive and sustainable industrial development in the UN system, expressed concern over the limited sector-specific allocations to industry, especially for Africa. UNIDO therefore called upon the donor community to reverse this trend and significantly increase future commitments to manufacturing industry, in recognition of the priority accorded by developing countries to the goal of Inclusive and Sustainable Industrial Development, especially in Africa.

The **United Nations Economic Commission for Europe (UNECE)** drew attention to, and invited Members to participate in, the work UNECE was

conducting in the area of trade facilitation. She noted, in this regard, that UNECE hosted the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)³², and invited Members to contribute to the work that was being conducted by the Centre. In connection with the implementation of standards, recommendations and best practices, UNECE relied on partnerships, examples of which included the United Nations Trade Facilitation Implementation Guide (a knowledge management tool developed with input from more than ten international organizations), and the recently-signed Memorandum of Understanding with ITC and UNCTAD to support implementation of the TFA.

The **International Labour Organization (ILO)**, speaking on behalf of the organizers of the Joint CSEND-ILO-ICA side event on “Promoting Cooperative to Cooperative Trade for Sustainable Development”, said that cooperative enterprises were major players in the global economy. According to the most recent figures of the International Co-operative Alliance (ICA), the 300 largest cooperatives in the world had a combined turnover of US\$2.2 trillion in 2014 and some 250 million people were employed or earned their living through cooperative enterprises. Cooperatives were economically viable businesses and, as “member driven” and “people centred” organizations, they provided opportunities for inclusive growth for sectors of society often in need of support, for example, unemployed youth, indigenous communities and people with disabilities. Besides their inclusiveness, cooperatives also offered more equitable opportunities to small farmers, craftsmen and women, and traders to achieve economies of scale accessing inputs, credit, technology and markets. Cooperatives gave individual producers collective voice and negotiation power with key players across the chain for fairer returns to their members.

Noting that, by September 2015, the MDGs would be replaced by SDGs with a far-reaching scope consisting of sustainable economic, social and environmental development, he said that recent ILO and ICA research had shown that cooperatives had a proven track record for being an effective means to implement and deliver on all three realms of the SDGs. Cooperatives offered a solid economic foundation complemented with proven inclusiveness, participatory management and transparent social

citizenship. Despite the small share of cooperative to cooperative trade – from the producer and consumer side – what existed showed the untapped potential to making global supply chains fairer and more efficient. What was unfortunately missing, however, was the data tracking of the contribution of cooperatives to international trade. Cooperative enterprises therefore needed to be included in the mainstream of trade statistics at the WTO to allow for a better understanding and documentation of the difference they made. A precedent already existed in this regard, namely the “State Trading Enterprises”, governed by GATT Article XVII:1(a) and by the Working Party on State Trading Enterprises.

The international trading community urgently needed to establish an article specifically covering “Cooperative Trading Enterprises” and related statistical categories and data collection with dissemination power at the level of the WTO Secretariat. Sustained development of cooperatives in LDCs, LLDCs, and low-income developing countries, required substantial capacity building. ILO urged development partners to contribute the financial and technical resources needed to ensure sustained growth of cooperatives which in turn would have positive impacts in terms of economic growth, employment, and implementation of the SDGs.

The **West African Economic and Monetary Union (WAEMU)**³³ associated his remarks with those made by Benin (on behalf of the African Group), Bangladesh (on behalf of the LDC Group), and Paraguay (on behalf of LLDCs). WAEMU welcomed the 5GR’s constructive and comprehensive discussions on reducing trade costs for sustainable and inclusive growth and the growing interest of the multilateral trading system and the international community in trade facilitation. In relation to the TFA, he noted that, with financial assistance from the World Bank Group, WAEMU had developed, and was implementing, a Regional Trade Facilitation Programme (RTFP) and said that additional financial assistance from other partners would also be welcome in the realization of the programme. As a complement to the RTFP, WAEMU was also putting significant resources into creating and operationalizing control posts at its member states’ borders and was striving to reduce irregular practices throughout the Union’s corridors.

32 <http://www.unece.org/cefact>

33 Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

Recognizing what needed to be changed so that its member states could participate in international trade, WAEMU had initiated a successful partnership with ITC by way of a Joint WAEMU/ITC Project in Support of Competitiveness and Regional Integration which took into account the conditions needed for economic growth including, for example, the quantitative and qualitative effects of diversified exports, the promotion of trade and investment (OPCI) and integration into GVCs. WAEMU welcomed the launch of Phase 2 of the EIF as well as Norway's contribution of NOK 150 million to the programme, and said that EIF support to regional initiatives should be continued and strengthened. Also recognized was the extension for a further ten years of the African Growth and Opportunity Act³⁴ which would benefit trade between the United States and the recipient African countries.

The **World Customs Organization (WCO)** noted its cooperation with the WTO, particularly in respect of the technical committees of the WTO Agreements dealing with customs valuation and rules of origin. With regard to trade facilitation, the WCO was among the "Annex D" organizations having, from the outset, actively supported the conclusion of the TFA. Various trade facilitation measures had been negotiated at the WTO and the WCO offered support in

implementing these measures. WCO's instruments, tools and network of national customs experts and private sector partners were indispensable and available for implementing TF measures. Concerning implementation of the TFA, and in response to the 2013 Bali Ministerial Declaration³⁵, the WCO had launched a strategic initiative – the WCO Mercator Programme – to support trade facilitation. The Programme aimed at assisting governments worldwide to implement trade facilitation measures expeditiously and in a harmonized manner by using core WCO instruments and tools, such as the Revised Kyoto Convention, at the national, regional and global level, thereby also supporting regional integration efforts. The Programme also ensured connectivity at borders and along GVCs in order to provide a consolidated platform for advancing the smooth flow of goods traded around the world. The WCO remained an essential partner and was ready to support TFA implementation by way of the expertise, tools and network of the Customs community around the world.³⁶

Closing Statement by WTO Director-General

I want to thank all those who have intervened this afternoon.

I have been kept well-briefed on your contributions throughout the Global Review, and I want to thank you for participating.

There has been a great sense of energy this week, which is reflected in the numbers for this event. We have had over a thousand attendees over the last three days, 46 sessions and several thousand pages of analysis. And it has also been reflected in the lively exchanges and debates that we have been having.

I want simply to highlight some of the key messages which have come out of the Global Review – and then to pose some questions that might guide our future work. And of course it is you, the members, who will then discuss, shape and define that work.

I think the clearest message is that trade costs matter. And that we cannot afford to neglect the impact that these costs have on connectivity.

Trade will be a key element in delivering the Sustainable Development Goals. If trade costs

34 <http://trade.gov/agoa/>

35 https://www.wto.org/english/thewto_e/minist_e/mc9_e/balipackage_e.htm

36 Statement not delivered. The information has been included in the 5GR Summary Report at the request of the WCO.

remain prohibitively high, particularly for the poorest, then we know that we will fall short.

But we also know that trade costs are not set in stone. We can take action to reduce them — and indeed a lot of good work is already under way.

The Global Review profiled a tremendous range of initiatives across Asia, Africa, Latin America, the Caribbean and the Pacific.

Indeed, the Pacific is a case in point.

By the simple fact of its geography, that region faces some of the biggest natural hurdles to connecting to the global trading system. And so I have been pleased to note the success of various projects which are working to support the Pacific Islands.

We also developed our understanding of the disproportionately heavy trade costs which are borne by SMEs. And we heard about different approaches which could help them to shed this burden.

Another theme that emerged strongly was gender. Women face a range of constraints that limit their ability to participate in trade. And I think that this is an area that needs further research and action.

Many of the sessions and speakers focused on trade facilitation. Slow and inefficient border procedures remain a key reason why trade costs are stubbornly high.

Implementation of the WTO's Trade Facilitation Agreement is something we can do collectively and individually to address this. The first step is ratification. Two-thirds of WTO members must ratify the agreement for it to enter into force. So this must be a priority.

We heard yesterday from Minister Amina Mohamed of Kenya, who will chair our 10th Ministerial Conference, about how important the timely entry into force of the Trade Facilitation Agreement will be.

This is not least because of the Agreement's unique architecture which recognises the need for technical assistance to help WTO developing country members to meet their commitments. Indeed, the WTO's own Trade Facilitation Agreement Facility was established last year with this important need very much in mind.

We also heard about trade facilitation efforts which are being pursued at regional level — like those which have cut transit times and costs so significantly in East Africa.

These efforts are very positive. They show the huge value that there is in this work — and I think they can help accelerate TFA implementation.

We also heard about the importance of allying investment in hard infrastructure — like ports, airports and roads — with investment in soft infrastructure. Getting the regulatory processes right and creating a stable, transparent and predictable business environment is an absolutely vital element.

And we heard about some surprising benefits that trade facilitation may also bring. Overcoming the problems and delays faced by humanitarian relief and reconstruction agencies in dealing with crises or natural disasters is one powerful example.

As you all know, this is a year of milestones.

When we were approaching this 10th anniversary of Aid for Trade, some asked whether the initiative was still delivering.

So what conclusions can we draw after this Global Review?

I think we can say with certainty that Aid for Trade is a topic on which members remain actively engaged and committed.

Aid for Trade is delivering, but as with any such initiative, we need to remain flexible and open-minded about how it can do more, and what the future priorities should be.

I think that we need to consider the various suggestions which have been made this week for how we might take the initiative forward.

For example, some suggested a more systematic approach to the monitoring of trade costs. I think this is an interesting idea where more work could be done in a number of ways. But of course members will need to consider this and discuss what approach they may want to take.

There were three other elements which stood out to me as issues to be considered by members when discussing the future of Aid for Trade.

First is the need to adapt this work to complement the new Financing for Development framework that will be agreed in Addis Ababa in just two weeks' time.

Second, members will need to have a similar discussion about how the initiative should evolve to reflect the Post-2015 Development Agenda and the Sustainable Development Goals when they are agreed in New York in September.

Third, I have heard many delegations emphasising the need to deliver for small, weak and marginalised countries. I think this is an extremely important point which needs to be considered.

It has been highlighted, for example, that the LDCs are not currently the main recipients of Aid for Trade funding. In this context I was happy to note that the LDCs and their concerns were the focus of many of the sessions and that Members continue to give them priority.

In addition, yesterday we launched the new phase of the EIF. I was delighted that Norway announced a very significant donation to the new phase at that event. We will need to secure further pledges for the EIF over the coming months so that it can continue and enhance its work in supporting LDCs.

So I think we have a lot of food for thought. And in concluding my statement I would like to offer a few suggestions on the route ahead.

Clearly, to travel along the path of inclusive, sustainable growth, we must do more to bring down high and excessive trade costs.

For us in the trade community, there are some clear and immediate actions which are within our reach and which can contribute to this agenda in a concrete manner.

First, we must implement the Bali Package — including the Trade Facilitation Agreement and the LDC decisions.

And second, we must deliver outcomes at the 10th Ministerial Conference in Nairobi which support growth and development.

As the Global Review comes to a close, there are many elements which have emerged from the discussions that are worthy of further attention, a few of which I underlined this afternoon.

So I invite members to reflect further. I will report more formally to the General Council on all of this at the end of this month.

I am very proud to have hosted this Global Review, and to have seen such a wealth of knowledge, passion and commitment on display.

It has reinforced my belief in what we can achieve when we are creative and open-minded.

So let's keep this discussion going.

And finally, before I close, I want to thank everybody at the WTO who has worked so hard to make this Aid-for-Trade Global Review a success. And it really has been a success!

Congratulations to you all.

SIDE EVENTS



SIDE EVENTS

Side event 1: Lessons from Natural Disasters and Other Humanitarian Emergencies on the Role of Trade in Relief and Reconstruction

Organized by:

International Federation of the Red Cross and Red Crescent Societies (IFRC)

World Bank Group (WBG)

World Trade Organization (WTO)

Moderator:

- › **Michael Roberts**, Aid-for-Trade Coordinator, Development Division, WTO
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Panel:

- › **Selina Jackson**, Special Representative to the United Nations and the World Trade Organization, WBG, Geneva
 - › **Naindra Prasad Upadhaya**, Permanent Secretary at the Department of Commerce and Supply Management, Nepal
 - › **Esteban Conejos**, Ambassador, Permanent Representative to the WTO, Philippines
 - › **Axel Marcel Addy**, Minister of Commerce and Industry, Ministry of Commerce and Industry, Liberia
 - › **Elise Baudot**, Head of Policy, Strategy, and Knowledge, IFRC
 - › **Frank Clary**, Director of Corporate Social Responsibility, Agility
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Recent natural disasters have highlighted the role that trade can play in both relief and reconstruction – and how the same weak capacity, trade-related infrastructure and supply-side constraints that hamper developing country participation in commercial trade can also hinder relief and reconstruction. For example, the World Bank Group has estimated that Guinea, Liberia and Sierra Leone lost at least US\$1.6 billion in forgone economic growth in 2015 as a result of the **Ebola outbreak**. **Research** by the Commonwealth Secretariat has highlighted how the trade effects of this crisis have spread well beyond the three Ebola-affected countries due to land border closures and cargo controls.

The session featured a discussion on the nexus between trade and humanitarian issues with Ministerial representatives of recently disaster-affected governments and their international partners. The side event began with a presentation by the World Bank Group of preliminary findings of research work conducted in collaboration with the International Federation of the Red Cross and Red Crescent Societies that outlines the interface between trade and humanitarian emergencies.

Introducing the session, **Michael Roberts, Aid-for-Trade Coordinator, Development Division, WTO**, highlighted that over 100 million people had been affected by disasters caused by natural hazards in 2014 – and a further 58 million forced to move by conflict.³⁷ The global community had spent approximately US\$24.5 billion responding to humanitarian crises in 2014, a figure comparable with the gross domestic product (GDP) of El Salvador or Uganda. He suggested that this amounted to a significant amount of goods and services – some that would be acquired locally, and much that would be purchased internationally. Although not trade in a traditional sense, much humanitarian assistance passed through commercial channels. On any given day, the World Food Programme had chartered some 30 ships carrying humanitarian assistance. In various recent crises, major logistics companies had provided support to humanitarian operations, including through the Logistics Emergency Teams and the World Economic Forum's Global Agenda Council on Humanitarian Response. Humanitarian agencies had begun working closely with network service providers, in particular mobile telecoms provider, to provide information and relief through mobile money payment systems. Mr Roberts concluded his introductory remarks by noting that while trade connectivity could help crisis response, trade could also impact connectivity in crises. Consignments could be held up by import rules; services by domestic regulations. Given that humanitarian goods and services typically had to reach their intended recipient rapidly, any delays arising from trade policy decisions would be regrettable.

Selina Jackson, Special Representative to the United Nations and the WTO, World Bank Group, Geneva, explained the nexus between trade and natural disasters in her remarks that outlined the emerging results from a joint survey, conducted with the International Federation of the Red Cross and Red Crescent Societies (IFRC) and in collaboration with WTO, on trade policy issues affecting humanitarian response, recovery and reconstruction. Although IFRC had in the past conducted research on regulatory barriers, they had not researched humanitarian issues from a trade policy perspective. The aim of the joint work was to bridge this gap

and to inform policymakers with a view to helping disaster preparedness. Her presentation focused on five areas: border management, agriculture, access to medicine, goods and services.

Border management issues were the regulatory concern cited most frequently by the humanitarian community. The day-to-day concerns of traders with regard to customs clearance tended to be magnified during humanitarian crises due to a surge in imports that could overwhelm even the best organized systems. Customs staff responsible for clearance often had to attend to their own family crises giving rise to staffing shortages. Customs infrastructure might also have been damaged by the disaster. Listing issues cited by the humanitarian community in relation to border management, Ms Jackson highlighted bureaucratic administrative requirements, burdensome documentation requirements, inflexible working hours, lack of coordination between different government agencies and poor institutional capacity. She noted that these mapped well on the issues that were being dealt with in the context of the Trade Facilitation Agreement.

Ms Jackson gave examples from recent crises, notably in Nepal, where aid had become back-logged while the authorities continued to apply regular border procedures, suffered staffing shortages and became submerged under the sheer volume of assistance received. During the Ebola crisis, medical supplies had been held up for months at customs awaiting import clearance. Food aid had also been delayed in the Horn of Africa due to border bottlenecks and clearance delays. Border delays in Sri Lanka and Indonesia had also affected the timely delivery of aid items in response to the 2004 Tsunami.

Ms Jackson outlined a series of non-binding instruments that the international humanitarian community had agreed to address border clearance issues, namely:

- World Customs Organization (WCO) - Recommendations to Expedite the Forwarding of Relief Consignments in the Event of Disasters, 1970
- WCO: Convention on Temporary Admission, 1990

37 Source: Global Humanitarian Assistance Report 2015, Development Initiatives: <http://www.globalhumanitarianassistance.org/report/gha-report-2015>

- WCO: Annex B.3 of International Convention on the Simplification and Harmonization of Customs Procedures, 1999
- WCO/United Nations Office for the Coordination of Humanitarian Affairs: Model Agreement between the United Nations and a State
- International Federation of Red Cross and Red Crescent Societies (IFRC): Guidelines for the domestic facilitation and regulation of international disaster relief and initial recovery assistance, 2007
- Model Act for the Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance, 2013 by IFRC, OCHA, Inter-Parliamentary Union (IPU).

She noted that while trade negotiators had not had disaster relief in mind when they had agreed the WTO's Trade Facilitation Agreement (TFA), a number of features of the TFA addressed concerns raised by the humanitarian community, among them: publication of procedures, coordination in border management, applying risk based approaches, pre-arrival processing, and priority treatment of perishable goods. One feature that also made the TFA stand out was that it would eventually offer a binding legal framework within which international relief organizations could operate with greater confidence. In addition, there were significant technical assistance provisions in the TFA that would help promote best practices.

Food shortages were a familiar characteristic of nearly all humanitarian crises. In 2013, the World Food Programme purchased 2.1 million metric tonnes of food valued at US\$1.6 billion from 91 different countries. Trade policies driving up the cost of food had negative effects for humanitarian actors. World Bank research also highlighted that trade in agricultural products had higher costs than trade in other commodities. To lower costs, she suggested that full implementation of the TFA, in particular the provisions on perishable products, held considerable promise. Striking an appropriate balance on standards between legitimate objectives (food safety and quality) and the pressing needs of disaster-affected populations was important too. And here Ms Jackson noted that genetically modified food had caused issues among the regulatory agencies of some recipient countries.

Restrictions related to BSE had stopped ready-to-eat meals supplied by the UK in the aftermath of Hurricane Katrina from being distributed. She further highlighted export restrictions and high tariffs as creating difficulties. During the 2007 food crisis, some 26 net food exporting countries had introduced export restrictions.

Turning to access to medicine, Ms Jackson noted that many of the same issues arose with respect to tariffs and non-tariff measures. She highlighted cases where more than 6 months had been necessary to secure tariff exemptions on medical goods during emergencies. She also noted that the Trade Related Aspects of Intellectual Property Agreement afforded Members some flexibility, notably through the Decision on TRIPs and Public Health.

Looking at the area of services, Ms Jackson recalled that this was an essential area as countries needed strong transport, logistics, ICT and telecom services. Innovations, such as cash assistance using mobile money, depended on strong ICT infrastructure. While services trade liberalization was not a realistic short term option to pursue in the immediate aftermath of an emergency, it was an important objective to consider in the context of a country's disaster preparedness and risk management planning.

Concluding her introductory remarks, Ms Jackson recalled that trade had been severely impacted in a number of recent emergencies. Highlighting the example of Ebola, she quoted World Bank estimates that some US\$1.6 billion had been lost in economic growth in Sierra Leone, Liberia and Guinea in 2014 alone. Third countries could cushion some of the effect e.g. by taking positive measures to stimulate recovery through the offer of temporary trade preferences. She noted however that it was also the case that some countries had taken trade restrictive measures in response to crises. She concluded that trade policy was intertwined with the issue of humanitarian response and recovery and was deserving of further in-depth study.

Naindra Prasad Upadhaya, Permanent Secretary, Department of Commerce and Supply Management, Nepal, outlined the human cost (some 9,000 dead and many tens of thousands made homeless) and economic damage (to infrastructure, public buildings and private housing stock) of the earthquakes that had struck Nepal on 25 April and 12 May 2015. The earthquake had been a major set-back for Nepal's economic development

and its prospects for graduation from Least-Developed Country classification and achievement of Millennium Development Goals targets. These points were further underlined in a short video clip of the earthquake and its destruction.

Picking up on the issues raised in Ms Jackson's presentation, Permanent Secretary Upadhya noted that difficulties had been experienced in the initial days after the earthquake with the airport in Kathmandu struggling to cope with the volume of assistance arriving, and the need to balance commercial and humanitarian traffic. In response, the government had brought representatives together of agencies responsible for clearance to streamline processes. Initial difficulties in clearing humanitarian aid (notably in making use of the single window system) had been resolved and clearance was taking place in 15 to 20 minutes. The Nepalese customs service had applied provisions of the Model Act for the Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance. This included simplification of immigration processes for aid workers, including those arriving without visas. Coordination between donors, humanitarian agencies and the government was working much better. Obstacles were also encountered in distribution of relief items due to disruption of the transport system and bad weather.

Esteban Conejos, Ambassador, Permanent Representative to the WTO, Philippines, provided an overview of the destruction wrought by Typhoon Haiyan (or Yolanda as it was known in the Philippines) that struck on 6 November 2013. One of the strongest tropical typhoons ever-recorded, the 300km/hour winds had created a 5-metre high storm surge that killed some 6,300 people and affected some 16 million people across the country, displacing some 4.1 million persons. Government priorities in the immediate aftermath of the disaster had been: (i) search and rescue operations; and (ii) providing food, cloth and aid to those affected. Contingency planning placed responsibility on local governments to provide these services, however, all airports and seaports in the affected areas had been overwhelmed by the disaster itself.

Discussing the role of border management in the crisis, Ambassador Conejos highlighted that Philippines law made specific provision for humanitarian assistance as part of the country's disaster contingency planning. These procedures permitted simplified customs clearance procedures

and duty-free/tax-free entry for relief items. Soon after the Typhoon struck, one-stop shops had been established in affected areas for the entry of goods. He noted that the Philippines' services commitments restricted access of foreign ships from domestic shipping services. This prohibition had been suspended to allow the entry of foreign ships to Filipino waters to provide foods and supplies to the affected areas. Philippine diplomatic missions had standing instructions to facilitate the arrival of humanitarian aircraft and to process visa applications for relief personnel in a single day. Key to these efforts was the investment of the government in disaster preparedness. In any one year, some 9-10 typhoons made land-fall in the Philippines, with a further 9-10 passing through Filipino coastal waters. As such, the Philippines had a lot of experience to draw on. Ambassador Conejos argued that preparedness was critical for disaster response.

Axel Marcel Addy, Minister of Commerce and Industry, Ministry of Commerce and Industry, Liberia, highlighted that when the Ebola crisis had hit, economic performance had already been negatively impacted by a sustained decline in Liberia's prices of key export commodities: iron ore and rubber. In February 2014, the Liberian Government had been examining ways to scale-up operations through actions to stimulate further investments in mining capacity. Unfortunately, these plans were never realised as when the Ebola crisis hit in March, an exodus of expatriate staff ensued, including staff from mining operations. This had had a domino effect on the economy as local businesses in Liberia serving the expatriate community closed and shed workers, resulting in a growing number of unemployed. What had started as a health crisis had quickly become an economic crisis, at the heart of which there lay a problem of perception of risk.

Minister Addy explained that Liberia also had to contend with what he described as "an informal blockade". One early task was to secure import arrangements with key suppliers, notably of petroleum and rice. This had involved reassuring shipping lines and airlines that medical protocols were in place at points of entry in Monrovia. Stockpiles of rice helped considerably in alleviating supply-side constraints. A particularly difficult period had been faced in August 2014 with regard to rice supplies. Any ship with multiple destinations headed to Liberia had to wait in international waters for 21 days so that it could travel to its next

destination. As a solution, Liberia had negotiated for a direct delivery of rice Liberia so as to facilitate delivery of food items. He noted that NGOs had faced a range of issues securing staff and resources to respond to the emergency. The leadership shown by President Obama, first writing to the international community about the global nature of the Ebola crisis and then deploying the logistical capacity of the US military, had made a decisive difference. The military response had cut through red tape, as had weekly meetings by President Johnson Sirleaf with key stakeholders.

Economically, Ebola had had a devastating impact on the Liberian economy. Shortly after the virus was discovered, immediate revenue losses of over US\$100 million had put pressure on all areas of government and procurement of essential services. The Government was still working with mining investors, but also trying to solve the problem with high unemployment that also impacted on agricultural production. Minister Addy identified “stigma” as a big barrier to recovery. Media attention had proven useful in rallying international attention, but had also been negative in perpetuating a negative image of Liberia. As such, one of the key challenges for his country was how to rebrand his country and rid itself of the “Ebola stigma”.

Elise Baudot, Head of Policy, Strategy, Knowledge, International Federation of the Red Cross and Red Crescent Societies (IFRC), complimented the World Bank on its summary of the technical problems faced by humanitarian agencies. Introducing the work of the IFRC, she noted that its global operations spanned responses to high profile humanitarian emergencies such as those in Nepal, and much smaller events that did not make headlines. The problems that Ms Jackson had elaborated were faced across all their operations. Ms Baudot highlighted that the “humanitarian sector” was changing, with more and diverse actors becoming involved – private sector, not-for-profit organizations, humanitarian agencies, UN agencies and other international development agencies. She quoted the example of the earthquake in Haiti where many thousands of NGOs had become involved in disaster response. One question this raised was whether or not all actors should be treated equally for customs purposes.

Disasters struck all countries, developed and developing alike, and trade barriers were not the single preserve of developing countries. She highlighted difficulties experienced in Japan and

the US to underline her argument. Projections suggested many large scale disasters occurring in future, notably linked to climate change. In addition to physical limitations on the ability of countries to clear humanitarian goods, issues also arose with the wrong type of goods being provided by humanitarian agencies. The provision of unsuitable goods often led to blockages, with other appropriate relief items held up as a result due to increased inspection of import consignments.

Law and policy were key determinants in Ms Baudot’s view, from the perspective of inappropriate or burdensome requirements or changing legal frameworks. One common experience was an open-door policy at the start of a crisis and then barriers progressively being erected two or three months thereafter. Keeping track of a changing policy environment was time-consuming. Rules often depended on the nature of the humanitarian organization. International organizations enjoyed privileges and immunities that were not available to other members of the humanitarian community. Rules differed by country, by actor and were subject to continual change. Against this background, she praised the Philippines for the “One-Stop Shop” approach to guide humanitarian actors.

Frank Clary, Director of Corporate Social Responsibility, Agility, outlined his company’s operations with over 400 offices in 100 countries, most of which were in emerging markets – where Agility also had its roots. Agility became involved in humanitarian operations through its Corporate Social Responsibility (CSR) programme through donations and as a commercial logistics provider. Through its CSR programme, Agility had a bilateral relationship with International Medical Corps and multilateral relationship with UPS, Maersk, the World Food Programme and the UN Global Logistics Cluster. Through these relationships, Agility was able to send logistics specialists, donate trucks, warehouses and other services alongside commercial partners at UPS and Maersk. In the past seven years, Agility had responded to some 25 disasters.

Moving to operational lessons learnt, he highlighted that trade relationships were vital for disaster response and reconstruction. In all of the disasters in which Agility had been involved, the customs authorities had been overstretched, under-resourced and were “managing by exemption”. Exemptions were necessary to permit the entry of goods, people and services. Mr Clary indicated that

this had an important opportunity cost as staff had to be tasked to authorise and manage the customs exemptions, instead of providing support for the crisis itself. It also raised costs for humanitarian agencies as they had to send more people to deal with logistics issues. Consignments were held up in transit and humanitarian agencies, forcing agencies to carry higher inventory with negative cost and delivery consequences. Reducing trade complexity would have an immediate impact on disaster response. It would also reduce opportunities for corruption in his view.

Mr Clary noted that where free and open trade existed, Agility had not been called upon to respond since local capacity tended to be in place. One point that he highlighted was that in the immediate aftermath of a crisis, a lot of good will existed both within government and the business community. Six to 12 months later, customs regulations tended to be back in place and good will was in short supply – a dangerous precedent where disasters were still on-going. He suggested that there was merit in continuing with reduced customs checks even after the end of disasters.

Comments from the floor focused on the need for coordination in disaster response. Citing the example of Nepal, it was noted that the government had been criticised for taking a holistic, rather than a piecemeal approach. The speaker suggested that if humanitarian actors were able to distribute what they wanted and where they wanted, there would be important gaps in relief provision. Turning to the question of recovery he picked up on the point of perception, noting that the earthquake had not affected most of the country's tourist infrastructure, but that tourists were being put off making trips by the negative coverage of Nepal. A comment from the Netherlands Mission highlighted the importance of the side event and linking humanitarian aid with trade. She made reference to the Revised Kyoto convention's provisions on relief consignments and regretted that this had not been picked up in the final text of the Trade Facilitation Agreement.

UNECE highlighted its work on trade facilitation and the environment, notably the cross-border management of industrial accidents, asking the panel how to integrate risk management approaches into disaster management. The Commonwealth Secretariat picked up on the point of the role of trade in reconstruction and development in the post-crisis phase and asked the Panel to comment on

the mechanisms available to help countries in the recovery phase. In this context, she made reference to the trade preferences that had been accorded to Pakistan in the wake of floods in 2010.

In her closing remarks, **Elise Baudot (IFRC)**, noted that a balance had to be struck with the affected sovereign state. IFRC guidelines for the domestic facilitation and regulation of international disaster relief and initial recovery assistance, adopted in 2007, were useful in this regard and to date 19 governments had updated their laws to integrate its provisions into their national legal systems. She also noted that there was a greater focus on cash as an alternative to the delivery of goods by humanitarian actors. Picking up a question on the innovative use of ICT and telecoms, she suggested that mobile phone texting, social media and new apps had the potential to make humanitarian agencies more accountable to the disaster-affected communities they were seeking to serve. Ms Baudot also highlighted the need for collaboration between agencies in their delivery systems.

Ambassador Conejos (Philippines), noted that the TFA had been negotiated over a period of nine years. He recalled that a proposal to integrate a provision on relief consignments was examined in late November 2013, just at the time that negotiations had reached a critical juncture and at which there were still some 200 square brackets under consideration. As such the proposal had been put to one side by negotiators as they focused on reaching agreement on existing textual proposals. Although he doubted it would be possible to introduce this provision once the TFA was in force, he underscored that the implementation of the TFA would provide an enabling environment to allow Members to respond more quickly to future crises.

Minister Addy (Liberia), recommended much greater use of local vendors in providing humanitarian response, quoting the example of rice which was held in the country, but then which had to compete against rice supplied as food aid by donor governments. He suggested that there was resistance to the use of local service providers often on the pretext that they were unable to meet the standards of the humanitarian agencies or unable to deliver on time. Humanitarian goods were also being sold on by beneficiaries, in some cases undercutting local suppliers of the same or equivalent goods. He suggested that some of the relief provided could

have been better used, for example, to upgrade the hospital facilities in Monrovia.

Naindra Prasad Upadhaya (Nepal), concluded that coordination between different agencies was essential to ensure that aid got to the right people. In this context, he also highlighted the importance of quality infrastructure and respecting the Kyoto convention provisions for prompt release of humanitarian items.

Frank Clary (Agility), suggested that one key step that countries could take to stimulate recovery would be to remove trade barriers, not just temporarily during an emergency relief situation but on a permanent basis. Where trade was freer, there was less need for international intervention and more effective responses. He suggested that trade barriers could themselves create disasters. In this context, he pleaded for the timely and effective implementation of the WTO trade facilitation agreement.

Selina Jackson (World Bank Group), closed by thanking the IFRC and the World Trade Organization for their collaboration on the session. She recalled that a draft report was available for peer review and stated that a follow-up workshop would be organized in the Fall.

Side event 2: Mombasa: One Port, 200 Million People

Organized by:

TradeMark East Africa (TMEA)

Permanent Mission of Denmark to the WTO, Geneva

Panel:

- > [Amina Mohamed](#), Ambassador, Cabinet Secretary, Ministry of Foreign Affairs and International Trade, Kenya
 - > [Desmond Swayne](#), Minister of State at the Department for International Development, United Kingdom
 - > [Frank Matsaert](#), Chief Executive Officer, TMEA
 - > [Gilbert Langat](#), Chief Executive Officer, Shippers Council for East Africa
 - > [Gichiri Ndua](#), Managing Director, Kenya Ports Authority
 - > [David Kennedy](#), Director for Economic Development, Department for International Development
 - > [Steve Felder](#), Managing Director for East Africa, Maersk
-

The port of Mombasa is the busiest container terminal in East Africa serving as a gateway to East Africa, where the Northern Corridor links the 230 million people from Kenya, Tanzania, Uganda, Rwanda, Burundi, South Sudan, and the Democratic Republic of Congo to the world.

Funded by Belgium, Canada, Denmark, Sweden, Finland, Netherlands, the United Kingdom and the United States, TradeMark East Africa has been an innovative Aid-for-Trade vehicle for delivering support to the East African Community (EAC) to achieve their long held goals of regional integration and translate the political will of the member states into concrete results for improving trade facilitation.

Driven by the leadership of the EAC and member states, initiatives along the Northern Corridor and to upgrade the Port of Mombasa are helping reduce trade costs and delivery times, not just at the port, but for small- and medium-sized firms along the Corridor. This side event explored how innovative Aid for Trade was being used to support political drive from East African countries and leverage private investment for the benefit of the region as a whole.

Presentation

Amina Mohamed, Ambassador, Cabinet Secretary, Ministry of Foreign Affairs and International Trade, Kenya, thanked TradeMark East Africa and the Danish Ministry of Foreign Affairs for the opportunity to give the keynote speech and join the panel for the event. The Government of Kenya was committed and closely involved in the development of the Northern Corridor, in terms of trade facilitation, infrastructure development and reforms taking place at Mombasa Port. As one of the busiest ports along the African coastline, the Port of Mombasa serves as a gateway to East and Central Africa. The route is critical to growth of the economies and livelihoods in the region, and important for the global competitiveness of the entire East and Central Africa region. Until very recently the Port faced major challenges: the container terminal was heavily congested leading to slow processing time, there were numerous checkpoints at weigh-bridges, and general poor level of services.

Reforms were made with the overall objective of improving port operations: modernisation of port services, professional training for dock workers, upgrading capacity of the Port of Mombasa to allow larger vessels, development of public-private partnerships for the development of the Port's infrastructure, benchmarking against international services. There has been a high level of political involvement and commitment to the rehabilitation of the Port and investment along the Northern Corridor at the level of EAC Heads of State. The reforms had significantly increased efficiency and capacity at the port, which now operated 24/7. One significant change had been improved coordination between Port agencies. As a result of these and other reforms along the Northern Corridor transit time from Mombasa to Malaba had been dramatically reduced – by 50% over the last 1½ years.

Further reform was required. She noted that the Kenyan government was developing another commercial port and opening up a new transit corridor to the inland. They are also creating a free trade zone at the coast, with facilities for warehousing, light industry and processing, able to contain 10,000 business units. Further infrastructural investment at the Port of Mombasa and along the corridor required massive capital inputs, and this is particularly where the assistance of development partners and the private sector was needed. The Port of Mombasa was only one aspect

of Northern Corridor development. EAC member states, supported by donors, were also investing in improved energy provision, an oil pipeline, facilitation of intra-regional travel and cross-border trade, adoption of an East African tourist visa, and a single area network for mobile phones.

Cabinet Secretary Mohamed stressed that the positive changes could not have been achieved without the support of development partners, and particularly TradeMark East Africa as one of its major partners. TMEA had convinced policymakers in the EAC that trade facilitation was vital to increasing the competitiveness of the region as a whole. The Kenyan Government looked forward to its continued partnership with TMEA.

Desmond Swayne, Minister of State, Department for International Development, United Kingdom, stressed the importance of the Port of Mombasa for jobs, livelihoods and the development of skills for the people living there.

Frank Matsaert, Chief Executive Officer, TradeMark East Africa, highlighted that the port of Mombasa was the busiest container terminal in East Africa, processing nearly 25 million tonnes of cargo in 2014 – a figure which was expected to increase 400% by 2030. The cargo mostly travelled inland by road, putting roads under a lot of strain. TMEA supported a number of initiatives to achieve its strategic objectives of increased physical access to markets, enhanced trade environment and improved business competitiveness and the related outcomes of increased trade and ultimately, poverty eradication in the EAC region. In order to increase trade competitiveness for the region, TMEA was working on corridors, ports, borders and railways.

The Northern Corridor was a long corridor, servicing South Sudan and the Democratic Republic of Congo in addition to the EAC states. It served as a gateway to a consumer base of 200 million people. Mombasa Port handled 30% of transit cargo and had experienced an 11.5% growth in cargo handled between 2013 and 2014. A number of issues were crippling efficiency at the Port: general under performance at the ship-to-shore interface; increased growth and increase in average ship size; capacity for container storage; port access challenges within Mombasa city complicated by poor urban planning within port environs; slow clearing and forwarding arrangements.

A joint programme by TradeMark East Africa and the Kenya Ports Authority was designed to increase capacity (especially in container trade) and improve efficiency. The programme had received US\$94 million funding from the United Kingdom. Activities implemented include repaving of yard 5 to increase container handling capacity; widening gates and access roads to the Port; Port Reitz road expansion – important for the new container terminal; review of the Kenya Port Authority Act & New Port Regulations; technical support for upgrading, strengthening, deepening and straightening berths 1-10, 11-14; benchmarking and raising productivity; developing a green port policy. These investments were supported by improvements in technology, including a new customs system and single window that would help reduce transaction costs and streamline processes.

TMEA was also supporting improvements in logistics efficiency through its Logistics Innovation for Trade (LIFT) challenge fund. Increasing both capacity and efficiency was important – the more you are able to raise productivity, the less capacity you need to increase. Hence with increased efficiency the amount of capital investment required was reduced.

The Mombasa Port Reform Charter brought together all 25 public and private agencies and was underpinned by a political commitment right from the top to see Mombasa Port, and the wider region, prosper. The EAC Single Customs Territory and the Northern Corridor Initiative had further supported regional progress on reducing trade costs. So far the results had been encouraging: dwell and transit times had both come down. Transit time between Mombasa and Kampala had been reduced from 18 days to 4-6 days. These improvements would drive investment and jobs in East Africa.

Gilbert Langat, Chief Executive Officer, Shippers Council for East Africa, noted that other issues, that had nothing to do with the port, affected prices and therefore consumers, namely the continued use of road infrastructure for cargo to travel from the port inland. Currently some 95-96% of road capacity was already used. Connecting the port to a rail network was vital to further improvements at the port and along the Northern Corridor, particularly in terms of the ability to transport more cargo. With a growth rate of 11% for cargo being processed through the port there was a need for further capacity in terms of ability to transport cargo inland.

He suggested that Mombasa port needed to be considered not just as a “stand alone” institution, but also as a community, including the corridor that served the port. The East African Shippers Council measured losses in waiting time for traffic, with the average waiting time currently around four hours. There was a need for the public and private sector to collaborate to increase port efficiency and utilize the services there. The Shippers Council conducted audits of service providers – freight forwarders, shippers – ensuring that they understand how they could improve their services. On the basis of this, investing in service providers in terms of professionalization of their service was very important. The East African Shippers Council also carried out a logistics performance survey along the entire corridor: identifying where issues were and what improvements were necessary, both in terms of policy and administration.

David Kennedy, Director for Economic Development, Department for International Development (DFID), United Kingdom, opined that economic growth for developing countries was about taking advantage of opportunities in supply chains, agriculture and manufacturing. These stories were all about regional and international trade. DFID was currently conducting an inclusive growth diagnostic process, which would help understand what the opportunities for economic growth and the blockages preventing countries from benefiting from them. The analysis would look at both barriers to growth as well as what could be done to address them. Barriers to trade often existed particularly on a regional level rather than a national level. The analysis would help DFID understand how it can best utilise resources to address these binding constraints to growth.

Gichiri Ndua, Managing Director, Kenya Ports Authority, suggested that productivity at the Port depended on a number of components: labour and congestion within and outside the port. However the main issue escalating the cost of trade in East Africa was over-reliance on road infrastructure and very low capacity utilization of truck movement. Further reforms at the Port should concentrate on connecting it to a railway network. It was also important to create a culture change among the dock workers by exposing them to training and to better efficiency and practices, particularly on how the private sector can complement the efforts of the public sector. The single window had been particularly important for cutting down on physical interventions from workers and therefore reducing

the opportunities for corruption. The Port Charter had improved accountability – it had brought out all the responsibilities of each agency in clear sight for society; people were no longer just blaming the Port Authority. Signing of contracts by each agency had ensured that they were all held accountable

Steve Felder, Managing Director for East Africa, Maersk, suggested that to understand the cost of trading, it was important to look not just at the Port but at the entire ecosystem around Mombasa Port and further along the Northern Corridor. The cost of shipping was overshadowed by the cost of inland logistics – it cost only US\$2,500 to ship a 40-foot container from Hong Kong to Mombasa, yet it cost around US\$7,000 to truck that same container from Mombasa to Juba. The fact that the region was heavily import-dominant, which meant that for every three containers imported full, only one was exported full, created a massive cost burden for shipping lines and transporters, as they had to recover the full cost of the round trip in just the one direction. These costs were ultimately passed downstream to the consumer.

Mombasa port enjoyed the lion's share of containerized business in the region, around 60%. Of the containerized cargo moving through Mombasa port, around 40% originated in or was destined for hinterland countries along the northern corridor, and another 40% of the imports ended up in the greater Nairobi area. As the largest use of the port and the corridor, Maersk had observed significant improvements in terms of cargo dwell times since the Mombasa Port Charter came into place. Cargo dwell time in the port had halved to an average of three days, customs velocity was stable at two hours, and 95% of trucks were complying with weighbridge regulations. There were still significant improvements to be made, as waiting time at the Port was still high and there was a need to streamline processes. Bottlenecks were also now shifting outside the terminal where the flow of empty containers was hampered by road congestion, and the inefficiency of empty depots. While the work done by TradeMark East Africa and the Kenya Ports Authority had been a good start, he suggested that there was also a need to be ambitious. The most important game changers were the transformation of the existing port into a “landlord port”, which has also been committed to in the Charter; and the launch of the second container terminal. These commitments had to be followed through.

Questions and comments by the audience

A participant asked David Kennedy about DFID's Africa Free Trade Initiative that was launched in 2011. Having achieved many of its original objectives, there was potential to relaunch it with a new set of ambitious objectives, possibly by MC10. Mr Kennedy answered that DFID's current inclusive growth diagnostic process would define its future strategies for working on trade, though this might not be complete in time for a launch in December.

Participants also asked about the lessons learned from the Mombasa Port initiative for other Aid-for-Trade programmes. Panellists offered a number of responses: Looking at the barriers to trade along the entirety of the Northern Corridor had been critical to the success of rehabilitation of Mombasa Port; working on both hard and soft infrastructure; the importance of an instrument such as TradeMark East Africa which worked closely with all partners on the reform process; high-level political buy-in and local ownership by institutions at the port and in the capitals; creating mechanisms such as the Charter, which monitored commitments and created accountability; and creating robust public-private partnership frameworks in terms of the regulatory basis for the private sector investment.

Conclusion

Reforms at Mombasa Port are vital for the development of the EAC region as a whole, and improvements in livelihoods for all East Africa. Critical to the success of the reforms at Mombasa Port has been both the political will and commitment from Heads of State together with TradeMark East Africa's unique partnership model and the investments it has made at the Port in terms of both capacity and efficiency, and hard and soft infrastructure, but also further along the Northern Corridor. The close linkage between the governments' willingness to undertake reforms and TMEA's approach as a partner, supporting the reform process, rather than simply a mechanism for disbursing funds, have been important factors that contributed to the impressive results achieved. The rehabilitation of the Port of Mombasa along with other investments on the Northern Corridor are an excellent model that has important lessons for other African ports.

Side event 3: Joining Forces to Reduce Trade Costs for Inclusive Sustainable Growth

Organized by:

International Trade Centre (ITC)

Organisation for Economic Co-operation and Development (OECD)

World Economic Forum (WEF)

Moderator:

- > [Shishir Priyadarshi](#), Director, Development Division, WTO
-

Panel:

- > [Pedro Cruz](#), Managing Director, SabMiller, Mozambique
 - > [Margareta Drzeniek-Hanouz](#), Director and Lead Economist in Global Competitiveness and Benchmarking Network, WEF
 - > [Marion Jansen](#), Chief Economist, ITC
 - > [Brenda Killen](#), Deputy-Director, Development Co-operation Directorate, OECD
-

The event focused on how the public and private sector could join forces to deliver inclusive, sustainable economic growth. Conclusions arising from the discussion included that: (i) strategic public private partnerships lead to beneficial outcomes for both, business and society; (ii) overall, Aid for Trade is going where it is needed the most; (iii) trade facilitation should focus on small- and medium-sized enterprises (SMEs) which are essential for economic development (e.g. greater employers in national settings); (iv) in order to boost SMEs' productivity, information on export opportunities had to be effectively shared, access to financing ensured, and information on export/import processes and regulations provided by governments and other organizations and institutions (such as Chambers of Commerce); and (v) funding for development can be enhanced and increased if an effective dialogue based on mutual interests between governments, the private sector, and the development community is stimulated.

Presentation

Pedro Cruz, Managing Director, SABMiller, Mozambique, explained how public-private partnerships lead to win-win situations in which the private sector plays a role as a catalyser of inclusive economic growth. Mozambique had achieved a GDP growth of 7.5% in 2015 with a further increase in 2016. Nonetheless private consumption lags behind. This is the outcome when foreign direct investment increased, but it was not inclusive. Mr Cruz manages Cervejas de Moçambique (CDM) that produces beer from cassava roots. Cassava roots previously did not have any commercial value – they were not traded but only used to feed families. By producing a beer from cassava roots, CDM had created a new market, that benefitted some 7,500 farmers and that by the year 2018 was projected to link to the value chain some 100,000 farmers.

Explaining how CDM had achieved such an inclusive effect, he suggested that it was first pivotal to set up strong commercial relationships with local producers. CDM created partnerships with local farmers, “taking the market to the fields”. Second, there had to be a sound regulatory environment. Thanks to this, in fact, the consumption of illicit alcoholic beverages in the country had diminished, with overall health gains and – in this case – allowing CDM to increase its share in the market.

Margareta Drzeniek-Hanouz, Director and Lead Economist in Global Competitiveness and Benchmarking Network, World Economic Forum, looked at the Aid for Trade (AfT) Initiative through the WEF Trade Enabling Index (embracing 75 Aid-for-Trade beneficiary countries, four sub index and seven pillars). From the analysis, the countries that scored the lowest in the WEF TEI, received higher AfT flows. In other words, overall, Aid for Trade went towards countries that needed it the most – including least developed countries where AfT flows amounted to approximately 2-3% of their GDP).

Ms Drzeniek-Hanouz added a couple of remarks. In her view, Chad, Côte d'Ivoire, and Zimbabwe did not receive enough Aid for Trade. At an aggregate level, AfT flows were not correlated with border administration and ICT variables, but they were with regards to infrastructures. These differences did not allow an holistic approach – infrastructure plus border administration – that would create a virtuous cycle, reinforcing the beneficial effect of Aid for Trade.

She concluded by highlighting five elements that contributed to effective public-private partnerships: (i) high level support; (ii) a designated body tasked to institutionalize the partnerships; (iii) collective vision and shared understanding; (iv) alignment for a final shared objective; and (v) continuous involvement in the prioritization and implementation of reforms, including management mechanisms.

Marion Jansen, Chief Economist, International Trade Centre (ITC), noted that SMEs faced more challenges in terms of levels of productivity and capacity building, especially in the developing world. According to ITC research, the most important challenges for SMEs were: access to information about export opportunities, credit availability, and access to information about standards and regulations. In order to assist SMEs, ITC had developed information platforms and e-learning tools about non-tariff measures (NTM) and voluntary standards. She highlighted the need to reduce NZMs through information provided by trade institutions, for example, National Trade Promotion Organizations or Chambers of Commerce.

Brenda Killen Deputy-Director, Development Co-operation Directorate, Organisation for Economic Co-operation and Development, said that development funding would be enhanced through effective and mutual interest-oriented dialogue. She gave a road map of how to incentivise the private sector in successful Public Private Partnerships: (1) Support governments to improve the enabling environment. She argued that following the Aid-for-Trade Initiative there could be an Aid for Investment Initiative; (2) Increase Public/Private sector dialogue; and (3) Understand the most suitable financial instruments to mitigate investment risk for the private sector.

Questions and comments by the audience

The Head of the Economic Division of the German Cooperation Ministry noted that Germany was the second largest AfT donor, with commitments totalling approximately US\$3.4 billion since 2008, and said that trade facilitation was critical in achieving better results and sustainable objectives.

Various participants argued for a need to go beyond official development assistance and explore new forms of cooperation. These new forms should be

characterised by a higher degree of flexibility and should involve a multi-stakeholder approach.

In regard to the achievement of the Sustainable Development Goal (SDGs), Marion Jansen noted that SMEs were less productive (in Germany 70% less than larger firms and in Brazil 30% less), and she said that these productivity differences were represented in wages and thus in living standards: the lower the productivity, the lower the salary. She noted that trade facilitation focused on SMEs could contribute to the mitigation of these issues and suggested that “trade is going to deliver the SDGs”.

The issue of security was raised by a participant from the Gulf Cooperation Council as a source of concern for the private sector wishing to engage in delivering the SDGs.

Conclusion

The side event highlighted that Aid for Trade was working, and that it reaches the right recipients. Secondly, the panellists went further, paving the way for a successful private sector engagement, suggesting how to make it inclusive, what are the challenges faced by SMEs and how to incentivise private sector engagement. If enacted, it was suggested these policies would reinforce the Aid-for-Trade Initiative, enhancing inclusive and resilient growth.

Side event 4: Reducing Cargo Costs in Air Transport – Giving the Bali TFA Deal Wings

Organized by:

International Air Transport Association (IATA)

Global Express Association (GEA)

Panel:

- > **George Anjaparidze**, Senior Economist, IATA
 - > **Carlos Grau Tanner**, Director General, GEA
 - > **Tom Butterly, Chief**, Global Trade Solutions Section, United Nations Economic Commission for Europe
 - > **Gerard McLinden**, Lead Trade Facilitation Specialist, World Bank Group
-

This side event opened a discussion on how air cargo can reduce cost of logistics and the speed of expediting goods across borders in the context of the Trade Facilitation Agreement (TFA). Panellists argued that air cargo carried higher quality, rather than quantity, trade and added value to traded goods and made trade more efficient and predictable. The Global Express Association (GEA) presented its TFA Gap Analysis, revealing incompatibility of custom procedures to support faster air freight services and, therefore, implement provisions of the TFA. The International Air Transport Association (IATA) has shed light on how to improve the quality of service and management capacity of air cargo companies through optimization of expenditures and border controls in compliance with the TFA Agreement. Panellists also discussed the potential of attracting more technical support and investments from donor organisations to the air cargo industry. Strategic, technical and operational tools to increase the positive impacts of the TFA by strengthening air freight were presented and discussed from the perspectives of private, international and multilateral organizations.

Presentation

George Anjaparidze, Senior Economist, International Air Transport Association (IATA), introduced the session with statistics on the air transport industry and its place in trade and development. He pointed out that, annually, US\$3.3 billion of goods are transferred through the air freight, contributing 3.4% to GDP in economic activities. Mr Anjaparidze stressed that broadening the air cargo market would source valuable goods and materials as well as promote investment.

While currently air cargo accounted for only 0.5% of global trade, the value of transported goods was much higher, at US\$6.5 trillion per year. The moderator, thus, emphasized the role of borders in facilitating air logistics. He presented an example of the Dell production network global which showed that each technical element (CD-ROM, battery, sound chips etc.) was delivered from a different location around the globe, creating additional links between markets. Air cargo had the potential to strengthen this connection and add value to trade through higher speed freight services, higher reliability and predictability. However, IATA constantly experienced significant fragmentation and complexity in custom processes which slowed trade facilitation and undermined the benefits of air cargo services. Mr Anjaparidze pointed to the relevance of the Bali TFA and the benefits for air cargo from greater automation of transaction services, secure supply and transparency at borders.

Carlos Grau Tanner, Director General, Global Express Association (GEA), argued that integrated logistic chains contribute to keeping goods under safety and control. Being motivated to accelerate the TF Agreement, the GEA in collaboration with the Frontier Economics organization had carried out research, called the TFA Gap Analysis, to collect information of custom compatibility, institutional arrangement and border agency cooperation in countries and regions around the world. The data shows that predictability of custom procedures was very low and it undermined the premise of sophisticated logistics system. The research had identified key performance indicators, such as the use of electronic certificates and declaration and automated risk-assessment software, in order to assess how articles of the TFA would be implemented and monitored in 140 countries around the world. Mr Tanner emphasized that the benefits of air cargo will not be derived fully until inefficiency

gaps in border controls were resolved through implementation of the Trade Facilitation Agreement. The TFA had potential to improve the situation at borders, as research proved that trade flows were strongly correlated with a country's border controls.

Tom Butterly, Chief, Global Trade Solutions Section, United Nations Economic Commission for Europe, chalked out the relevance of the Trade Facilitation for the air cargo industry. Mr Butterly identified three categories of tools to interconnect the goals of the air cargo and provisions of the TFA. Those were strategic, technical and implementation tools that aimed to increase the flow of trade through air freight services. He also mentioned the importance of political will in ratification of the Agreement, saying that strategic road maps were to be developed. He further suggested that business process analysis could be used as a guide to see how air cargo connected with national regulatory aspects of the global value chains and specifically integrated logistics systems. He argues that Single Window systems were a strong tool to integrate the flow of information within the trade system. E-trade and e-customs platforms could help the air freight take an equal place in the total transport delivery mechanisms.

Gerard McLinden, Lead Trade Facilitation Specialist, World Bank Group (WBG), reflected on the lack of information about transportation through the air cargo. He said that the WBG, as a demand-driven donor, needed to have deeper analysis of how air freight was complementary to the TFA. Air cargo had a potential to speed up the trade system and offer more sourcing and investment opportunities. Donors had long neglected necessary reforms in the air cargo industry, and it was time to empower the industry with a higher share of development financing. Mr McLinden pointed to the importance of technical assistance, project financing, advocacy and border management courses to the air cargo industry. The WBG provided consultations on public-private partnership frameworks and he suggested it as a model to improve logistics performance indicators as well as border management. Also, the right sequence of services at customs as well as transportation companies would ensure the balance of time and quality of trade procedures. Mr McLinden mentioned Cambodia as an example of how trade facilitation had reduced extreme poverty by 30%. If air cargo reached out to developing countries and more goods were expedited

in shorter periods of time, achievements in inclusive economic growth would multiply.

Questions and comments by the audience

The panel discussion discussed in more detail how the air cargo transport would be enhanced by the TFA. Mr Butterly suggested that information on air cargo services should be available for least-developed countries as air transportation could boost their exports. There was no doubt that acceleration of expediting clearance procedures, risk-assessment measures, automation of services could contribute to GDP growth through more affordable costs of trade and higher quality of logistics services. Other panellists contributed to the discussion by saying that border management should not disrupt global value chains. As the TFA brought benefits across transport modes, air cargo should be included in the strategy of implementation of the Agreement. A question from the audience about options of financial support was answered by Mr McLinden who argues that there was no shortage of finance, but there should be more information on how international air lanes could benefit integration into global value chains and outreach to developing regions.

Conclusion

Air cargo delivered goods at the right time, in the right place and in excellent condition. While air freight accelerated the flow of trade, it was unable to move goods any faster than the regulatory services that had control over it. All panellists agreed that exchange of information between agencies was extremely important. New information technologies were a driving force for border modernisation, which was a vital component of the TFA and the new opportunities it opened for air cargo. All panellists supported the idea of prompt ratification of the TFA and agreed upon the need for more predictability and reliability of trade regulations on air freight.

Side event 5: Aid for Trade and Intra- and Inter-Regional Trade Cooperation in French-speaking Countries: Experiences and Perspectives Africa-Asia-West Africa

Organized by:

International Organisation of La Francophonie (OIF)
Economic Community of Central African States (ECCAS)
Economic Community of West African States (ECOWAS)
West African Economic and Monetary Union (WAEMU)
International Trade Centre (ITC)

Panel:

- › [Etienne Alingué](#), Director of Economics, (OIF)
 - › [Aïcha Pouye](#), Director of Support to Business and Institutions, ITC
 - › [Imamo Ben Mohammed Imamo](#), Senior Principal Administrator, ITC
 - › [Aziz Mahamat Saleh](#), Minister of Economy, Trade and Tourism Development of Chad
 - › [Alioune Sarr](#), Minister of Trade, Informal Sector, Consumer Affairs, Promotion of Local Products and SMEs, Senegal
 - › [Elloi Laourou](#), Ambassador, Deputy Permanent Representative to the United Nations Office in Geneva, Benin
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Beneficiaries:

- › [Alphonsine Ngoua-Mba](#) (Gabon)
 - › [Razack Ishola Kinninon](#) (Benin)
 - › [Sisanouk Sisombat](#) (Lao PDR)
 - › [Jaime De Melo](#) (FERDI)
 - › [Hoang Duc Nhuan](#) (Viet Nam)
 - › [Nguyen Thi-Chi](#) (Forum Viet Nam-Africa)
 - › [Alain Basile Batongue](#) (Groupement Inter Patronal of Cameroon)
 - › [Amadou Dieng](#) (WAEMU)
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Since 2003, the International Organisation of La Francophonie and the International Trade Centre have developed a project of promotion of intra- and inter-regional trade within the French-speaking world focusing on Central African and West African countries and French-speaking countries shoring the Mekong river. This workshop shared experiences in promoting intra and interregional trade; assessed the results obtained by the project from the point of view of its beneficiaries; considered the prospects for OIF-ITC-WTO partnerships to promote interregional trade between Africa, Asia and Europe; and examined extension of the programme to other regional and/or interregional development partners.

Etienne Alingué, Director of Economics, OIF, opened the side event setting out the importance what was at stake in the workshop, including the promotion of South-South and Tripartite cooperation as a lever for the development of economic and commercial exchanges among Francophone regions, towards the implementation of an economic strategy for French-speaking countries.

Aïcha Pouye, Director, Support Services Division for Enterprise and Institutions, ITC, added that the joint program perfectly addressed two priorities common to the two organizations, namely the integration of women and of the integration of the young in economic cycles.

Imamo Ben Mohammed Imamo, Administrator, Trade Support Strengthening Programme, ITC, recalled the functioning of the programme (identification of sectors with strong commercial potential, sectoral studies, identification of beneficiaries, buyers/sellers meetings) and consequent growth in trade due to the project.

Aziz Mahamat Saleh, Minister of Economy, Trade and Tourism Development, Chad, and **Alioune Sarr, Minister of Trade, Informal Sector, Consumer Affairs, Promotion of Local Products and SMEs, Senegal**, welcomed the joint initiative of OIF and ITC which aimed to make the francophone economic area a dynamic one, thanks to a match making exercise between buyers and sellers from geographical areas little accustomed to trading between one another.

Eloi Laourou, Ambassador, Deputy Permanent Representative to the United Nations Office in Geneva, **Benin**, and Co-Chair of the Trade and Development Working Group of Francophone ambassadors in Geneva, said that the triangular initiative was of great importance because it helped promote the sharing of positive commercial experiences.

Alphonsine Ngoua-Mba (Gabon) and **Razack Ishola Kinninon (Benin)**, explained how they had met Vietnamese investors through this program which had allowed them to develop joint ventures in the fields of the wood and the cashew processing. **Sisanouk Sisombat (Lao PDR)**, and **Jaime De Melo, Senior Fellow (Foundation for International Development Study and Research)**, insisted on the fact that the French language worked as an engine for integration, both between francophone Africa

and between 3 French-speaking Asian countries in the Mekong area.

Hoang Duc Nhuan (Viet Nam), explained that trade between the economic zones targeted during this programme had increased significantly since the end of the 2000s, almost fivefold in the case of trade between Viet Nam and the ECCAS zone. He added that this program had overcome both geographical and psychological borders. Finally, **Nguyen Thi-Chi (Forum Viet Nam-Africa)**, **Mr Alain Basile Batongue (Groupement Inter Patronal du Cameroun)** and **Mr Amadou Dieng (WAEMU)**, highlighted promising trading opportunities, both for francophone Africa and for the Mekong region, in a phase of continuation of these exchanges. But they have also highlighted the challenges that remain, of which the question of infrastructure ranked as first.

Conclusion

Stakeholders called for further OIF–ITC partnership, putting more emphasis on country ownership from beneficiary countries, a commitment to joint investments and the enlargement to other technical and financial partners. The OIF and the ITC took note of these suggestions that would form part of ongoing actions aimed at strengthening their partnership.

Side event 6: Getting Past Non-Tariff Measures: Reducing Costs for Business

Organized by:

International Trade Centre (ITC)

Permanent Mission of the United Kingdom, Geneva

Permanent Mission of Côte d'Ivoire, Geneva

Panel:

- > **Aranha González**, Executive Director, ITC
- > **Archana Bathnagar**, Owner, Haylide Chemicals Green Cleaning Company, India
- > **Chusak Chuenprayoth**, President, Kamphaeng-saen Commercial & Director, Board of Trade of Thailand
- > **Marcus Cornaro**, Deputy Director-General, Directorate-General for International Cooperation and Development, EU Commission
- > **Nazaire Gounongbe**, Cabinet Director, Ministry of Trade, Republic of the Côte d'Ivoire
- > **Israhyananda Dhalladoo**, Ambassador, Permanent Representative to the WTO, Mauritius
- > **Julian Braithwaite**, Ambassador, Permanent Representative to the WTO, United Kingdom

With tariff rates around the world lower than ever, businesses are focusing on non-tariff measures (NTMs) to successfully enter foreign markets. The rising number of NTMs largely reflects higher consumer expectations for product quality and safety. Complying with these measures entails business costs, which are especially onerous for SMEs from developing countries. Business experiences with NTMs in over 20 countries, documented in ITC surveys, show that there are common concerns, and that policy and regulatory changes can reduce trade costs. Many of the problems faced by companies can be resolved within country borders by streamlining processes, enhancing transparency of regulations and related procedures and other trade facilitation measures. Surveys also highlight implementation gaps in regional agreements, as exporters face many regulatory and procedural problems in neighbouring and regional markets.

Representatives from Côte d'Ivoire and Mauritius presented how their countries have used survey results to reduce the negative impact of NTMs on small- and medium-sized enterprises (SMEs). From the donor perspective, representatives from the European Commission and the United Kingdom highlighted the importance of reducing SME trade costs for job creation and poverty reduction. The NTM surveys were identified as useful tools to link Aid for Trade for development assistance, for trade negotiations and trade policy reviews.

As part of the event, ITC launched a new website on NTM survey results (www.ntmsurvey.org) and presented a new publication – “The Invisible Barriers to Trade” - that outlines the collective findings of the NTM business surveys.

Presentation

In her opening remarks, **Arancha González, Executive Director, ITC**, summarized the findings of ITC's surveys from more than 30 countries, which collected the voices of more than 15,000 companies. More than 25% of burdensome non-tariff measures (NTMs) were applied by the home country of the exporter and over 70% of partner country NTMs were linked to procedural obstacles, of which the vast majority occurred at the domestic level. Furthermore, the disproportionate share of burdensome NTMs was usually applied by partner countries within regional trade agreements. Small companies were also disproportionately affected by NTMs than larger companies.

Archana Bathnagar, Owner, Haylide Chemicals Green Cleaning Company, India, gave first-hand insights into the effects of NTMs by outlining the implications of certification and labelling requirements on her business as well as import restrictions on raw materials and machinery. She pointed to what she described as outdated national standards with regard to green products in India. She suggested that SMEs had insufficient access to policymakers and pointed to the great importance of NTM surveys as a tool to make SMEs' voices heard.

Chusak Chuenprayoth, President, Kamphaengsaen Commercial & Director, Board of Trade of Thailand, emphasized the importance of NTMs applied by exporting countries, such as testing requirements, which were redundant if the certificates were not recognized in the importing partner country. He pointed to the cost of testing domestically and the lack of laboratory capacity to conduct testing required by partner countries. He also underlined the importance of close cooperation between the public and the private sectors.

Marcus Cornaro, Deputy Director-General, Directorate-General for International Cooperation and Development, European Union (EU), praised the work conducted by ITC and stressed the importance of private sector in achieving inclusive and sustainable growth in developing countries. Mr Cornaro stipulated that no matter the extent to which SMEs endeavour to increase their productivity and capabilities to trade, there are impediments which are beyond their control. Thus, countries have to address "behind" and "at-the-border" issues, in other words NTMs, in order for the business operators to realize their full trade potential. He

highlighted the need for trade transparency and for the private sector in least developed countries to acquire the capacity to deal with justified NTMs. The EU was addressing NTM issues in its trade agreements and with its development policy, and he underscored the importance of regional cooperation and integration in this regard. In addition, Mr Cornaro provided examples of ITC/EU work on NTMs data collection and business surveys.

Nazaire Gounongbe, Cabinet Director, Ministry of Trade of the Republic, Côte d'Ivoire, recognized the benefits of the Aid-for-Trade (AfT) Initiative and shared the experience of Côte d'Ivoire in conducting the ITC survey and tackling NTMs. In particular, he explained that the government had set up a web-platform (trade obstacles alert mechanism), where the private sector could register their complaints and interact with the different institutions involved in the export process to signal problems and obtain responses. He highlighted that a number of trade obstacles have already been removed thanks to this system, with many more being in the process of resolution. Furthermore, a "single window" (system had been launched that allowed businesses to submit on-line forms and thus helped to reduce time required to obtain a relevant document or a licence.

Israhyananda Dhalladoo, Ambassador, Permanent Representative to the WTO, Mauritius, presented the outcome and follow-up actions of the ITC/NTMs survey. In particular, the results revealed that 31% of the companies faced NTM-related obstacles to trade. Subsequently, he highlighted that the Government of Mauritius had already eliminated 28 permits, and planned to abolish a further 70 permits, make automatic the annual renewal of some types of licences and permits, as well as setting up an SMEs One-Stop Shop and a national website for reporting burdensome NTMs (Trade Obstacles Alert Mechanism). Ambassador Dhalladoo also mentioned that the ITC/UNCTAD collaboration had allowed Mauritius to establish the ideal platform to schedule the WTO TFA implementation factoring in business's needs. He argued that the majority of NTMs were applied by partner countries and called for ITC's and partner agencies' support for regional interventions on NTMs and related trade obstacles.

Julian Braithwaite, Ambassador, Permanent Representative to the WTO, United Kingdom, agreed that tackling NTMs was central to freeing up global trade. ITC NTMs data and reports served as a resources to help the UK's AfT design work, and

the country specific NTMs reports could be used to inform economic development programmes in-country or regionally. He concluded that the Doha Development Agenda would be an important step towards moving NTMs to a central position.

Questions and Comments

In their interventions, USAID Senior Advisor and Representatives of Jamaica and the STDF, recognized the good work of ITC in providing support to tackle the NTMs, and mentioned the relevant experience of cooperation with ITC in the respective area. Panellists also commented that it was important to incentive public services to work faster and to respond to the challenges accordingly, and stressed that while some NTMs could not be eliminated, they could be streamlined.

Conclusion

In her concluding remarks, Executive Director González highlighted the positive results of the NTMs surveys that had already been translated into action on the ground and called for further work to tackle NTMs. In particular, she stressed that the analysis should be extended to cover trade in services and the data coverage should be further expanded. She also encouraged the synergies and the right incentives at home towards more coherent policies. Ms González launched the first version of the ITC/NTM survey website, www.ntmsurvey.org, together with a new paper on NTMs, entitled “*The Invisible Barriers to Trade*” (www.intracen.org/publications/ntm).

Side event 7: Ceremony to Confer Order of the Jaguar Award

Organized by:

Secretariat of Central American Economic Integration (SIECA)

The Secretary General of the Secretariat of Central American Economic Integration, Carmen Gisela Vergara, conferred the Order of the Jaguar on Roberto Azevêdo in his capacity as Director-General of the World Trade Organization. The Order of the Jaguar is awarded by SIECA to organizations, institutions and individuals in recognition of their role in supporting efforts by the Central American region to achieve economic integration. The award ceremony was followed by a cocktail reception.³⁸

38 For further information see: <http://www.sieca.int/Portal/Pagina.aspx?PaginaId=3066&ver=1>.

Side event 8: Brewing Development II

Organized by:

Worldwide Brewing Alliance

This high-level social event brought participants from the trade and development communities together for an information exchange with the Worldwide Brewing Alliance and the four major global brewers (SABMiller, Anheuser-Busch InBev, Carlsberg and Heineken) regarding brewers' efforts to reduce trade costs in developing countries through investments in value chains. Participants were able to sample beers from a range of markets, including from developing countries. Reports, brochures, and videos demonstrating brewers' investments in value chains, and in emerging economies in particular, were made available to showcase the positive contribution of the brewing industry to economic development.

Side event 9: Business Unusual Post- 2015: New Donor Directions in Combining Aid and Trade for Farmers

Organized by:

Global Donor Platform for Rural Development

Panel:

- > **Marcel Vernooij**, Ministry of Foreign Affairs, Netherlands
 - > **Gordana Delic-Radovic**, Ministry of Foreign Affairs, Canada
 - > **James Baxter**, Minister Counsellor and Deputy Permanent Representative to the WTO, Australia
 - > **Tekreth Kamrang**, Secretary of State, Ministry of Commerce, Republic of Cambodia
 - > **Christopher Onyanga Aparr**, Ambassador, Permanent Representative of the Republic of Uganda to the United Nations Office and other International Organization in Geneva
 - > **Luisa Volpe, Policy Officer**, World Farmers' Organization
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Donors are increasingly integrating their trade and development agendas to achieve sustainable policies by placing trade as the core engine of economic growth in partner countries. The specific case of agricultural trade was important for the post 2015 process given the dominance of agriculture for trade, food security and poverty alleviation in many developing nations. The bridging of aid, trade and investments by donors is relatively new territory and this Global Platform event allowed partner countries and farmer organisations an opportunity to respond to this new trend by donors, based on their own development requirements in Asia, Africa as well as requirement specific to farmers.

The question of how new donor policies will enhance farmers access to markets as well as reduce trade costs and boost agricultural productivity was central to the entire discussion for both donors and partners. Through the discussion, it became clear that for partner countries and farmers, having a strong focus on trade facilitation with high priority on infrastructure to connect farmers to markets and add value to products is of special relevance. Moreover removing trade barriers, both tariff and non-tariff, was essential to reducing the cost of trade and levelling the competition field.

Presentation

Marcel Vernooij, Ministry of Foreign Affairs, Netherlands, opened the debate by explaining that the Netherlands had adopted a new policy in regard to Aid for Trade (AfT). This policy combined aid, trade and investment under the heading of inclusive economic development. In spite of its size, the Netherlands accounted for 3% of world trade and was the 2nd ranked agricultural exporter in the world; a critical player in trade and aid. Mr Vernooij explained that the Dutch focus on inclusive economic development was due to four reasons: it enhanced global value chains; it took account of an upcoming middle class with tremendous purchasing power in developing countries; it changed the conception of developing countries as aid recipients, “the poor”; it considered developing countries as economic partners of tremendous importance in which farmers were treated as business partners. Following this policy, the Netherlands had recently sent a Trade Mission to Liberia, Guinea and Sierra Leone with the task of supporting these countries during through the Ebola crisis, and recovery support. Finally, Mr Vernooij commented on the creation of a Dutch Group of Experts in cooperation with the World Bank for agricultural logistics.

Gordana Delic-Radovic, Ministry of Foreign Affairs, Canada, briefed the audience on how Canada was supporting developing countries. Since June 2013, the Department of Foreign Affairs had been restructured, with foreign affairs and international development now under the same Ministry. This strategy had been chosen for several reasons: greater policy coherence and coordination, more insightful exploration of the links between trade and development and creation of broader policies (through e.g. cross training for staff, free trade and investment negotiations and implementation in order to become “better partners”).

James Baxter, Minister Counsellor and Deputy Permanent Representative to the WTO, Australia, observed that Australia had also amalgamated Foreign Affairs and Development. As a highly competitive agricultural producer, Australia was a key player in development and had provided technical assistance to developing and Least-Developed Countries focusing on increasing agricultural productivity to reduce poverty and enhance food security. Furthermore, Mr Baxter pointed out that agriculture inequalities were caused by trade distorting agricultural subsidies and called

upon WTO Members to finalize the Doha Round, putting agriculture at the centre of discussions, with ambition. He concluded by stressing the need for policies that enable trade to bring global development.

Tekreth Kamrang, Secretary of State, Ministry of Commerce, Republic of Cambodia, briefed the audience on the “success story” of the Cambodian’s rice sector. The Secretary of State started by stressing the importance of agriculture for Cambodia, accounting for 71% of their GDP. Thanks to taking advantage of AfT projects, Cambodia’s rice sector had grown tremendously, production facilities had been updated and management made more efficient. Nonetheless, he noted that the rice sector faced several challenges: competition against neighbouring countries, improvement of export and storage capacity, and reduction of transportation costs.

Christopher Onyanga Aparr, Ambassador, Permanent Representative of the Republic of Uganda to the United Nations Office and other International Organization in Geneva, stressed the role of development as a process leading to sustainable improvement in the quality of living of rural people, the poorest in Africa. The Ambassador explained that Uganda had used donor help to increase the quality of life of farmers. Such improvement had been possible through the implementation from 2007 to 2013 of a strategic project in collaboration with the African Development Bank and the International Fund for Agriculture Development to increase farm productivity of Uganda, review gaps in infrastructure for agro-processing, access markets and manage natural resources, including strategies for value addition.

Luisa Volpe, Policy Officer, World Farmers’ Organization (WFO), explained that the mandate of the WFO was to raise the voice of farmers in decision-making processes and called upon governments to take advantage of farmers’ know-how and be inclusive when it came to policy planning and legislative acts.

Conclusion

The dialogue concluded that in going forward with post-2015 objectives, donors’ engagement with regard to trade promotion, value-chain development had to hinge on trade facilitation and socially responsible involvement of the private sector which

emerged as the main requirements of partner countries and farmers. Small investments both directly to farmers, as in the case of Uganda, but also those that leveraged private sector involvement for private-public partnerships were both useful for farmer liquidity and for the success of small- and medium-sized enterprises.

Side event 10: Public-Private Dialogue in Trade Facilitation: How to Foster Debate in National Trade Facilitation Committees and Keep this Debate Alive and Kicking

Organized by:

Permanent Mission of the Netherlands, Geneva

Panel:

- > **Frank Heijmann**, Head of Trade Relations, Customs Administration, Netherlands
- > **Yao-Hua Tan**, Professor, Delft University of Technology
- > **Albert Veenstra**, Professor, Eindhoven University of Technology and Scientific Director, Dutch Institute for Advanced Logistics
- > **Dennis Heijnen**, International Trade Policy Advisor, EVO (Netherlands Industry Organization for Advances Logistics)
- > **Bram van Helvoirt**, Programme Manager Market Intelligence, Centre for the Promotion of Imports for Developing Countries

The side event discussed the Netherlands approach to trade facilitation consultations, which centres on a simple ABC: Academia, Business and Customs. The close cooperation between these parties provides a mutually beneficial basis for trade facilitation reforms and has laid the groundwork for a successful trade facilitation approach that was translated into a top ranking in international logistic and trade facilitation rankings. The side event discussed three areas of collaboration in this ABC approach:

- National Trade Facilitation Committees
- Research and Innovation
- Education and Training

The side event showed that this trade facilitation community, by creating a common language, a common mind-set and a mutual understanding and partnership between different parties in the supply chain, delivered real benefits for all parties concerned by lowering trade costs and increasing compliance. In the Netherlands this has resulted in an international unique master program on Customs and Trade Facilitation in which all representatives of the Trade Facilitation ABC participate.

Presentation

Frank Heijmann, Head of Trade Relations, Customs Administration, Netherlands, explained that mutual trust and understanding were essential for customs to optimize the point in the supply chain that minimized the level of interference in this chain. The optimal point of interference (in case of an inspection) depended on the particularities of the supply chain and required information of that chain.

Yao-Hua Tan, Professor, Delft University of Technology, recommended that customs re-use company internal control data for government inspection purposes. The party that packed the container had all the information that was required by Customs. Access to this information would prevent unnecessary and ill-timed interruptions in the supply chain.

Albert Veenstra, Professor, Eindhoven University of Technology and Scientific Director, Dutch Institute for Advanced Logistics, remarked that confidentiality of data often was only an issue in data-exchange between governments. Businesses had a big incentive to provide data in order to minimize any delay. Data was available and under the right circumstances could be shared.

Dennis Heijnen, International Trade Policy Advisor, EVO (Netherlands Industry Organization for Advances Logistics), explained why it was important for business, academia and customs to jointly develop training and education for customs professionals (whether employed in administration, business or academia). It provided a common basis and a shared mind-set that facilitated cooperation and trade facilitation. He also explained that it was necessary to create training and education at different levels so that there was a good mixture of customs knowledge throughout the customs profession.

Bram van Helvoirt, Programme Manager Market Intelligence, Centre for the Promotion of Imports for Developing Countries (CBI), explained that CBI aimed to enhance the trade compliance of SME exporters in developing countries, so they could successfully integrate into global value chains. This entailed building their capacity to be compliant with the broad set of requirements and procedures that went with international trade: quality control, testing and sampling, packaging and labelling, legal regulations such as SPS and product safety,

traceability, etc. Compliance with a private standard often implied a strong emphasis on collecting and monitoring product(ion) information, which could help SMEs to become more trade-compliant.

Questions and comments

The representative of the World Customs Organization (WCO) remarked that the approach to Academic Business and Customs partnership was what WCO called co-creation, which was a more advanced form of cooperation than consultation or communication between customs and business. She asked how long it took to establish such close cooperation. Frank Heijmann replied that the more advanced forms of cooperation had taken some 10-15 years to achieve. Regular consultation between customs and business started in the early 1990s.

A representative of the Standards and Trade Development Facility highlighted the need for trade facilitation in the area of SPS and asked about the Netherlands experience with interagency cooperation between customs and the SPS-agency. A participant from Madagascar enquired about the entry requirements of the [Executive Master for Customs and Supply Chain Compliance](#) (developed in cooperation between Academia, Business and Customs) and asked about the accessibility of the programme for participants from LDCs. The reply given was that the Master was aimed at a specific group, with prior education or experience in the field. The programme was developed for online e-learning, so that the physical presence was minimized to only one week every 6-8 weeks. The Master was currently exploring the availability of offering grants to participants from LDCs for the next cycle.

Side event 11: WTO Chairs Programme

Organized by:

World Trade Organization (WTO)

Opening remarks:

- > [Xiaozhun Yi](#), Deputy Director General, WTO
 - > [Bridget Chilala](#), Director of the Institute for Training and Technical Cooperation, WTO
-

Session I

Chair:

Robert Koopman, Chief Economist and Director of the Economic Research and Statistics Division, WTO

Discussants:

- > [Carlos Primo Braga](#), Professor of International Political Economy (IMD) and Director of the Evian Group
 - > [Desiree Van Gorp](#), Professor for the International Business and Diplomacy, Nyenrode Business Universiteit, Netherlands
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Session II

Chair:

- > [Roderick Van Schreven](#), Ambassador, Permanent Representative to the United Nations Office and other International Organizations in Geneva, Netherlands

Discussants:

- > [Nassim Oulmane](#), Senior Economist, United Nations Economic Commission for Africa, North Africa Office
- > [Frederick Matwanga](#), Permanent Mission of Kenya, Geneva (on behalf of Ambassador Karau)

Concluding remarks:

- > [Yonov Frederick Agah](#), Deputy Director-General, WTO
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This side event, organized by the WTO Institute for Training and Technical Cooperation and the Economic Research and Statistics Division, featured findings from research conducted by WTO Chair holders. The participation of the WTO Chairs increased the familiarity of the WTO Chairs with the Aid-for-Trade process and facilitated interactions between policymakers and academics. Papers presented focused on questions related to trade facilitation, the UN's Post-2015 Development Agenda, reduction of trade cost as well as inclusive and sustainable development, challenges to move up the global and regional value chain, monitoring and evaluation of Aid-for-Trade packages, private sector development, infrastructure development, regional trade integration, and the role of the WTO and policymakers in facilitating this process.

The main purpose of the event was to familiarize the WTO Chairs with Aid for Trade and trade facilitation process and at the same time facilitate interaction between the policy makers and the academics.

The side event featured presentations of the selected research works by the WTO Chair holders.

Presentation

The event began with welcome remarks from **Xiaozhun Yi, Deputy Director-General, WTO**, and **Bridget Chilala, Director of the Institute for Training and Technical Cooperation, WTO**. Deputy Director-General Yi indicated that reducing trade costs was pro-development and why, in particular trade facilitation reform, it was a crucial ingredient in this effort. He recalled the importance of trade facilitation, and in particular the WTO's Trade Facilitation Agreement (TFA), for developing countries. Finally, he expressed his desire that the contributions by the Chairs would be published as a book.

Session I

WTO Chair for Brazil: The research paper by Vera Thorstensen, Lucas Ferraz, Thiago Nogueira and Belisa Eleuterio on “the Trade Facilitation Agreement and its Impacts on the Brazilian Transformation Industry” covered the increasing relevance of time, existing empirical literature on the benefits of trade facilitation and the “Single Portal of Foreign Trade (Programa Portal Unico de Comercio Exterior), an internet based system aimed to unify and simplify all systems of the governmental agencies involved in the processes of exportation and importation in the country. Lucas Ferraz stated that the aim of the Portal Unico is to reduce average time of exports from 13 to 8 days and average time of imports from 17 to 10 days. Using empirical estimations, the estimated cost benefits for the Brazilian international traders from the reduction in customs delays are estimated to be US\$22.8 billion for 2017 (in 2013 US dollars) and US\$33.4 billion in 2030. It was believed that the Portal Unico programme is likely to unlock the potentials of Brazilian economy and contribute meaningfully to transformation of domestic industry, growth of trade flows and investments and increased GDP. Further, empirical analysis suggested that the reduction of transaction costs may have positive effects not only for Brazil but also for many other WTO members.

WTO Chair for Russia. The research paper by Sergei F. Sutyrin, Olga Y. Trofimenko and Tatiana M. Isachenko of Saint Petersburg State University was on “Possible Trade Facilitating and Regional Value Chains Promoting Effects of the Eurasian Economic Union (EAEU)”. The paper assessed recent developments in the newly founded EAEU which came into effect on 1 January 2015 joining Russia, Belarus, Kazakhstan and Armenia. Focus

of the paper was on harmonization of trade policy, trade and investment developments and how the TFA had potential to impact on trade in the region. The study identified key challenges that increased trade costs in the EAEU namely: low level of logistics infrastructure, undiversified export structure, unfriendly business environment and presence of a wide range of non-tariff barriers, including technical barriers to trade and certification requirements. The estimated cost of barriers to trade in the region was found to be between 15-25% of export values. The paper highlighted the potential and interest of EAEU members to take advantage of the TFA to boost regional and international trade including participation in regional and global value chains. It is expected that trade facilitation could help the countries improve their Logistics Performance Index scores and could also mitigate negative effects of external shocks and “Dutch disease” in the region by increasing competitiveness of goods, attracting investment and enhancing structural transformation.

WTO Chair for Tunisia. The research paper by Leila Baghdadi of Tunis Business School, University of Tunis and Inma Martínez-Zarzoso and Hendrik W. Kruse of the University of Göttingen was on “Trade Policy Without Trade Facilitation: Lessons From Tariff Pass-Through in Tunisia”. The paper examined the extent to which changes in tariffs, international prices and non-tariff barriers (NTBs) were transmitted into consumer prices in Tunisia over the period 2000 to 2008. This was against the background of relatively high tariffs and NTBs in Tunisia and higher levels of prices controls such that distributional effects of tariff adjustments or other trade policies had been rather difficult to measure. The study estimated a pass-through equation using sectoral data at retail price level controlling for unobserved sectoral heterogeneity. The findings were that tariff changes had average partial transmission or pass-through effect of 10% on retail prices which is significantly lower than found in other developing countries studies. The pass-through effect for agriculture was found to be 8%, for manufacturing (7%) and negative effect on services. The results imply that retail prices were not expected to fall or adjust in tandem with tariff reduction, implying that consumers were not benefitting from trade liberalization due to market distortions, price controls, subsidies, and barriers to entry. The study suggested that trade facilitation measures including improving on the business

environment could enhance the impact of pass-through effect on retail prices for the consumer

Session II

WTO Chair for South Africa. Professor Wilma Viviers, North-West University in South Africa presented her paper on the rationalization of South Africa's exports development efforts in Sub-Saharan Africa by a model approach Decision Support Model (DSM). The model indicated the many difficulties facing South Africa's exports in the regional market and the DSM provided a way to easily see market opportunities. The research indicated that barriers to trade in both products and services have the power to erode competitiveness and retard growth and development. Reduced trade costs assist developing countries diversifying into more dynamic sectors. The chair has developed a theoretical concept which is the so called. This DSM concept permits the identification of "easier-to-access" markets which have fairly low barriers to entry and can be acted upon immediately.

WTO Chair for Benin. Fulbert Gero Amoussouga, Professor, Abomey Calavi University, Benin presented the role of the grant from the Millennium Challenge Account (MCA), funded by the US Government in 2006 for reforms facilitation policies of commerce platform on the port of Benin and to analyze its effects on trade facilitation. The port had faced tough competition in recent years because of cumbersome administrative procedures, slowness four times longer than those neighbouring countries. It was to address these constraints that the MCA had funded several "hard" and "soft" reforms. He indicated that the reforms conducted with regard to the operation of Cotonou's harbour had produced important positive effects in terms of trade facilitation and as a result have significantly increased the volume of trade. It has reduced the time and costs related to trade flows contributing to decrease the processing time for payment from five days to about seven minutes. He concluded by saying that the country will pursue trade facilitation reforms to ensure its competitiveness over time so that the autonomous port of Benin became a port for the entire region.

WTO Chair for Morocco. Azzedine Ghoufrane, Professor, Mohammed V University Souissi, Morocco presented research on Aid for trade facilitation, reduction of trade costs and improved trade performance of the country. Several reforms

had already been undertaken even before the TFA, notably the implementation of a single window for harbour formalities. This had significantly facilitated the trade flows. This one-stop shop was set up in order to help reducing the cost of port logistics through optimal programming stops before the arrival of ships and ensuring the transit and port transit through a better understanding of information goods passing through Moroccan ports.

Conclusions

Yonov Frederick Agah, Deputy Director-General, WTO, thanked the WTO Chairs for the excellent work that they are doing and expressed his hope that they would continue their engagement and support the research and outreach programme of the WTO. He indicated that all studies confirmed that the Trade Facilitation Agreement signed at the last Ministerial Conference of the WTO could generate significant gains for the world economy and especially in developing regions. He encouraged that the results and research produced by the Chairs during this event should be published thus ensuring a large and wide dissemination. Finally, he also thanked the Kingdom of the Netherlands for supporting the WTO chairs programme.

Side event 12: 21st Century Public Private Partnership – A New Model for Implementing the Trade Facilitation Agreement

Organized by:

Permanent Mission of the United States, Geneva

Panel:

- › **Eric Postel**, Associate Administrator, United States Agency for International Development
 - › **Dominik Ziller**, Deputy Director General, German Federal Ministry of Economic Cooperation and Development
 - › **John O'Neill**, Minister and Deputy Permanent Representative to the WTO, CanadaAmgad Shehasta, Senior Vice President, United Parcel Service
 - › **Sang Woo Kim**, President, Corporate Affairs Europe, Samsung Electronics
 - › **Justin Bayili**, Executive Secretary, Borderless Alliance
 - › **Donia Hammami**, Executive in charge of Taxation, Customs and Trade Facilitation, International Chamber of Commerce
 - › **Rakesh Shah**, Trade Policy Advisor, Department for International Development, United Kingdom
-

Companies large and small see tremendous trade potential in developing nations. But they also worry about serious pitfalls, such as red tape and corruption increasing the time and cost of moving goods across borders.

The event served to informally announce a new initiative, founded by several countries and private sector associations, called the Global Alliance for Trade Facilitation (“Alliance”). The panellists encouraged other countries, organizations and private sector associations to join the Alliance. The Global Alliance for Trade Facilitation should be formally launched at the Tenth Ministerial Conference at Nairobi in December 2015.

Presentation

In his opening remarks, **Eric Postel, Associate Administrator, United States Agency for International Development**, stated that the objective of the Alliance was to boost the implementation of the WTO Trade Facilitation Agreement (TFA). To achieving that goal, the Alliance aimed to collect financial and technical support from donors and the private sector. The US had allocated a donation of US\$10 million per year for five years to support the initiative and other donors were invited to contribute in similar fashion. The functions of the Alliance had not been finalized, but initial discussions suggested that the Alliance would have a flexible structure with a strong monitoring and evaluation system.

John O'Neill, Minister and Deputy Permanent Representative to the WTO, , Canada, emphasized that the approval of the TFA was a historic deal with benefits to developing countries. Therefore, the creation of the Alliance in partnership with private sector would be a critical tool for implementation of the TFA.

Dominik Ziller, Deputy Director General, German Federal Ministry of Economic Cooperation and Development (BMZ), stated that the Initiative was one which would use private funds on trade facilitation. As landlocked and least-developed countries faced more challenges in trade, those countries would be high on the agenda of the Alliance. An important element was that the Alliance would enable cooperation between government and the private sector.

Amgad Shehasta, Senior Vice President, United Parcel Service (UPS), pointed out that of 161 WTO Members, only nine met the standard of best practices with regard to trade facilitation. Border issues remained the primary problem for UPS customers and involvement in the Alliance would give UPS the opportunity to raise the voice of its customers.

Rakesh Shah, Trade Policy Advisor, Department for International Development, United Kingdom, stated that the aim of the Alliance was to involve the voice and expertise of the private sector in implementation phase of the TFA.

Sang Woo Kim, President, Corporate Affairs Europe, Samsung Electronics, referred to the many countries in which Samsung has production facilities

and mentioned that different customs procedures among countries were one of the main problems of Samsung products. Harmonized custom procedures would provide both cost efficiency and predictability for the company. Therefore, Samsung would support and contribute to the Alliance for effective implementation of the TFA.

Justin Bayili, Executive Secretary, Borderless Alliance, highlighted that the Borderless Alliance, which aimed to remove trade barriers in West Africa, would support the Alliance. The Borderless Alliance operated in three areas: (i) advocacy between the private and public sector to discuss border problems; (ii) supporting information centres managed by retired-experienced custom officers to support the movement of goods; and (iii) working to address constraints throughout West Africa on road governance. The Borderless Alliance could contribute to the work of the Alliance, in particular, through dissemination of information to West Africa stakeholders.

Donia Hammami, Executive in charge of Taxation, Customs and Trade Facilitation, International Chamber of Commerce, emphasized that implementation of the TFA would help trade to become easier, faster and less costly. The private sector would be able to help the Alliance identify local challenges and opportunities and investment in global value chains, identifying potential solutions and providing feedback on the results of activities. She further added that the Alliance would complement other existing networks such as Borderless Alliance.

Questions and comments

Several questions and comments were raised by the audience. In response to a question on what incentive the private sectors could have for investment, Mr Bayili stated that streamlined border procedures would provide access to millions of consumers in West Africa and serve as a great incentive for business in the region. Mr O'Neill, in response to the same question, mentioned that the private sector wanted stability and predictability for their investment policies, areas that would be enhanced by improved trade facilitation. Mr Kim also reiterated that implementation of the TFA would be one of the factors in Samsung's incentive to invest.

Conclusion

The panellists demonstrated a strong will among those governments and private sectors already engaged in the Alliance to create an effective new model for implementation of the TFA. Several organizations extended their support to the Alliance including the International Road Transport Union, the World Custom Organization, the International Air Trade Association, and the Organisation for Economic Co-operation and Development.

Side event 13: Geographical Indications as an Engine for Development

Organized by:

Permanent Mission of France, Geneva

Chair:

- › [Jean-Paul Thuillier](#), Ambassador, Permanent Representative to the WTO, France
-

Panel:

- › [Aurelie Ahmim-Richard](#), Agence Française de Développement
 - › [Siriporn Boonchoo](#), Director of Standards and Certification for Silk, Ministry of Agriculture, Thailand
 - › [Sarada de Silva](#), President, Ceylon Cinnamon Association
 - › [Andrzej Szumowski](#), President, Polish Vodka Association
 - › [Angelos Pangratis](#), Ambassador, Permanent Representative to the WTO, European Union
-

With examples of silk from Thailand, cinnamon from Sri Lanka, and vodka from Poland, this well-attended workshop showed the relevance of geographical indications in a development strategy, not only from the perspective of a local community, but also to sustainable development and to integration into international trade flows.

Aurelie Ahmim-Richard, Agence Française de Développement (AFD), opened the side event by presenting AFD's work on the establishment of geographical indications in developing countries, which ranged from feasibility studies to aid to development institutional frameworks.

Siriporn Boonchoo, Director of Standards and Certification for Silk, Ministry of Agriculture, Thailand, introduced the geographical indication that had permitted the protection of four products since 2007 through a joint AFD-FAO project. She stressed the economic benefits for small producers in the region of Lumphun and throughout the local community. This protection also had impacts at national and international levels (e.g. by promoting tourism).

Sarada de Silva, President, Ceylon Cinnamon Association, explained the reasons that had led the sector to engage in a geographical indications approach for cinnamon from Sri Lanka (currently under way with assistance from UNIDO and the STDF). He stressed the importance of protecting the name of cinnamon from Sri Lanka, which was rooted in the identity of the country, at the international level. This protection had increased, and consolidated revenues, to producers and consolidated Sri Lanka's share of international cinnamon market.

Andrzej Szumowski, President, Polish Vodka Association, presented the case of the Polish Vodka which dated back more than 600 years. A geographical indication (GI) specification had been prepared in 2013 to define the ingredients used in the production of Polish vodka and to limit its production area. The GI insists on the quality safeguards for the consumer as well as the societal (rural development) and environmental benefits.

Angelos Pangratis, Ambassador, Permanent Representative to the WTO, European Union, recalled the European framework on protected designations of origin and geographical indications. He noted the interest of developing countries, especially least developed countries (LDCs), and local communities, including the most vulnerable, to develop strategies of differentiation based on the characteristics of their products, and to protect them with geographical indications, and to integrate into the international trading system with higher value products - which gave the EU's geographical indication promotion strategy, at the WTO and in other fora, additional relevance.

Questions and comments

The Ambassador of Sri Lanka stressed the interest of his country in the establishment of geographical indications to develop products and to ensure better integration into the value chain. He also stressed the importance of the support provided by donors. The ITC wondered as to the actual cost of implementation of the GI and the need to analyse accurately the return on investment, stressing the lack of studies on this point. The panellists stressed also the importance of taking into account the positive impacts beyond the producer (rural development, job creation, tourism...). UNCTAD gave its experience in this field and highlighted the challenges facing the implementation of geographical indications, particularly in LDCs, given the absence of a pre-established legal and institutional framework. The AFD confirmed these difficulties but stressed that success stories existed and stressed the importance of a collective will and the necessary support from the authorities.

Conclusion

The **Chair** concluded the session by stressing the potential offered to developing countries by geographical indications for the integration of their products in value chains. He concluded that geographical indications were a real vector for development.

Side event 14: Implementing Trade Facilitation and Paperless Trade for Sustainable Growth: Evidence from the UN Regional Commissions

Organized by:

United Nations Regional Commissions (UNRCs)

Chair:

- › **Christian Friis Bach**, Executive Secretary, United Nations Economic Commission for Europe (UNECE)
-

Panel:

- › **Yann Duval**, Chief, Trade Facilitation Unit, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
 - › **David Luke**, Coordinator of the African Trade Policy Centre, United Nations Economic Commission for Africa (UNECA)
 - › **Adel Al-Ghaberi**, First Economic Affairs Officer, UNESCAP
 - › **Tom Butterly**, Deputy Director of the Trade Division, UNECE
-

How can trade facilitation best support sustainable growth in developing countries? Taking into account the results of the first Global Survey on Trade Facilitation and Paperless Trade Implementation, representatives from the five UN Regional Commissions presented their approaches, success stories, challenges and lessons learned. The presentations illustrated the development impact of trade facilitation interventions by the UNRCs in areas such as streamlining border clearance procedures; creating synergies between trade facilitation and quality control and quality assurance functions; reducing transaction costs; implementing international standards for paperless trade and other innovative trade facilitation approaches.

Presentation

Christian Friis Bach, Executive Secretary, UNECE, opened the event by highlighting the importance of trade facilitation and the role of UN Regional Commissions to support Member States in this policy area. The UN Regional Commissions offer important support to implementation of the WTO Agreement on Trade Facilitation (TFA) through capacity building and technical assistance.

Yann Duval, Chief, Trade Facilitation Unit, Trade and Investment Division, UNESCAP, presented the Global Survey on Trade Facilitation and Paperless Trade. This survey was designed to address a lack of systematic information on implementation of trade facilitation measures, including paperless trade measures. It was initiated for the first time in 2014. The survey included measures related to compliance with the WTO TFA as well as paperless trade measures going beyond WTO TFA compliance. Data had been collected from 111 countries and gave a good overview of the implementation rate of trade facilitation measures in different regions. The least implemented measures around the world included: establishment and publication of average release times (South Asia, Latin America); trade facilitation measures for authorized operators (Middle East and North Africa) and introduction of electronic Single Window Systems (Pacific). All data would be made available online at the following link: <http://unnex.unescap.org/UNTFSurvey2015.asp>. Additional information on implementation of the measures as of May 2015 could be submitted at any time.

David Luke, Coordinator of the African Trade Policy Centre, UNECA, emphasized that WTO TFA Needs Assessments remained crucial, with the UNRC Global Survey on Trade Facilitation and Paperless Trade a useful complement. Uneven quality of data and partial coverage remained important challenges, e.g. relatively lower response rates from LDCs and LLDCs. However, evidence indicated encouraging progress among African countries, in line with the growing efforts undertaken at both the national and regional level. African countries had focused more on general trade facilitation measures (notably formalities) than on paperless trade issues. LDCs tended to display lower implementation levels, especially in terms of institutional arrangements and transparency. Regional Economic Communities (RECs) had played an important role in advancing the trade facilitation agenda, especially in terms of transport and transit facilitation. The gap

between African LDCs and non-LDCs appeared to be particularly high in terms of institutional arrangements and transparency. Institutional challenges appeared to be a key concern for LDCs in Africa, both in terms of coordination and capacity development needs.

Roy Santana, Market Access Division, WTO, stepped in for **Sebastián Herreros of UNECLAC** and presented the basic parameters of the UNECLAC survey, together with the main findings and conclusions for Latin American and Caribbean (LAC) countries. The LAC region, like other regions, also saw differential response rates. Areas of low or partial implementation included establishment of national level Trade Facilitation Committees, consultation of partners on draft TF-related regulations and electronic Single Window systems. There was greater implementation of risk management to target physical inspection of shipments, independent appeal mechanisms for customs rulings. Release times were also often not made public on a regular basis. Despite incomplete implementation, Electronic Single Window was identified as the strongest area of progress, followed by Authorised Economic Operator and electronic submission of documentation. Limited human resources capacity, lack of coordination between government agencies and financial constraints were identified as the main barriers.

Adel Al-Ghaberi, First Economic Affairs Officer, UNESCAP, outlined the results of the Trade Facilitation survey for Arab region. The results showed that Arab countries were at varying levels of implementation of trade facilitation measures. Most ESCWA countries had at least partially implemented most measures, but to varying degrees. Establishment of trade facilitation committees had been the most implemented measures while pre-arrival clearance was the least implemented measure. ESCWA's presentation also highlighted some issues related to trade facilitation namely trade logistics at the private sector level. A survey on the ways private firms in some ESCWA countries handled logistics revealed that contrary to global trends, there was a lack of reliance on specialized logistics providers for providing logistics services. Instead, companies handled their logistics themselves through departments established within the company. This approach was believed to be causing increased cost of logistics and lack of efficiency.

Yann Duval, Chief, Trade Facilitation Unit, Trade and Investment Division, UNESCAP, presented data on implementation of trade facilitation measures across the Asia-Pacific region. Implementation rates were highly variable across the region, with low implementation rates notable for small-island developing states, LDCs and LLDCs. Transparency measures and speeding up formalities were the most implemented measures. Cross-border paperless trade was the least implemented group of measures. Electronic exchange of sanitary and phytosanitary standards (SPS) was one sector-specific area of limited implementation. Most progress has been made in automated customs systems, risk management and Single Window and other paperless trade measures. ESCAP members were actively working on addressing the technical and legal gaps associated with cross-border exchange and legal recognition of electronic data and documents for inclusive and sustainable trade facilitation, including through on-going negotiation of a regional UN treaty on the facilitation of cross-border paperless trade.

Tom Butterly, Deputy Director, Trade Division, UNECE, stated that the potential economic benefits of trade facilitation were clear, with the highest ranked countries in World Economic Forum Global Competitiveness Index also generally those with the best implementation rates of WTO TFA measures. UNECE, through its Centre for Trade Facilitation and Electronic Business (UN/CEFACT) had developed a broad range of global standards, recommendations and tools to support TF implementation. UNECE's suite of Single Window recommendations (Recommendations 33, 34 and 35) were implemented in over 70 countries worldwide, not just in the UNECE region. The UN Trade Facilitation Implementation Guide³⁹ developed in partnership with other international organizations was a useful roadmap for implementation. National Trade Facilitation Implementation Committees had an important part to play, and could provide a strong role for the private sector in policy making. UNECE provided outreach and support services to member States to assist in implementing their instruments.

39 <http://tfig.unece.org/>

Side event 15: Regional Infrastructure for Trade Facilitation – Impact on Growth and Poverty Reduction

Organized by:

Overseas Development Institute (ODI)

Opening remarks:

- > **Louise Thomas**, Head of Trade for Development, Trade Policy Unit, Department for International Development, United Kingdom
-

Chair:

- > **Ganeshan Wignaraja**, Advisor, Economic Research and Regional Cooperation Department, Asian Development Bank
-

Panel:

- > **Marie-Agnès Jouanjean**, Research Fellow, ODI
 - > **Olivier Cadot**, Senior Research Fellow, Foundation for International Development Study and Research Director, Institut d'Economie Appliquée
 - > **Ben Shepherd**, Consultant, Developing Trade
 - > **Frank Matsaert**, Chief Executive Officer, TradeMark East Africa
 - > **Gerald Makau Masila**, Executive Director, Eastern Africa Grain Council
 - > **Jodie Keane**, Economic Advisor, Trade Division, Commonwealth Secretariat
 - > **Jaime de Melo**, Senior Fellow, Foundation for International Development Study and Research
-

This session discussed evidence on the impact of regional infrastructure for trade facilitation on growth and poverty reduction, based on a DFID-funded research project led by ODI. Preliminary findings suggest that improvements in regional infrastructure for trade facilitation in sub-Saharan Africa are very likely to result in growth and poverty reduction through both direct and indirect routes, although there may be specific negative effects on certain groups without complementary policies. Infrastructure reduces trade cost which increases trade; however, there is a lack of studies that isolate the specific effects of regional infrastructure. Regional infrastructure and regional integration can raise growth and productivity through increased trade, investment and competition. Hard (e.g. roads, ports) and soft infrastructure (e.g. relevant transport services, regional standards) interact in promoting impacts.

Presentation

Louise Thomas, Head of Trade for Development, Trade Policy Unit, Department for International Development, United Kingdom, made an introduction to the session emphasizing the importance of the topic, followed by a few words from the chair, **Ganeshan Wignaraja, Advisor, Economic Research and Regional Cooperation Department, Asian Development Bank**, introducing the project's objective and research questions.

The panel discussion started with a presentation by **Marie-Agnès Jouanjean, Research Fellow, Overseas Development Institute**, emphasizing the relevance of taking a regional perspective in Sub-Saharan Africa. Evidence showed that on average, distance mattered and that countries traded relatively more with their neighbours than with the rest of the world. However, African countries were relatively “outward looking” in their trade patterns and it could sometimes be easier to trade with the EU than with a neighbouring country. This was due in part to problems of infrastructure and trade regimes on the African continent. One preliminary finding from the project was that it was crucial to have full pass-through of the reduction of trade costs to producers and consumers in order to have an effect on growth and poverty reduction. The complementarity between soft and hard infrastructure was essential. In particular, to have a poverty impact, the final mile mattered, not only in hard infrastructure, but also for soft infrastructure.

Olivier Cadot, Senior Research Fellow, Foundation for International Development Study and Research Director, Institut d’Economie Appliquée, and **Ben Shepherd, Consultant, Developing Trade**, presented ongoing research papers. Olivier Cadot used data on night-light intensity from satellite imagery to investigate the effect of borders on economic activity along cross-border roads. His findings supported the hypothesis that economic activity in Sub-Saharan Africa clustered in close proximity to borders, reflecting informal trade that required physical presence (changing of trucks etc.). However, this effect had been decreasing between 1995 and 2013, suggesting that investment in border post modernisation and reforms of trade regimes have led to a “formalization of trade”.

Ben Shepherd presented current progress in his project on “Infrastructure, Trade and Network Connectivity in Sub-Saharan Africa”. Exploiting

multi-regional input-output tables based on the EORA database, he showed that African countries are less involved in regional trade, with trade more outward looking with big trading blocs like the US, China and the EU. Both hard and soft infrastructure were amongst the determinants of the position of a country in the network of global value chains.

Among the discussants, **Frank Matsaert, Chief Executive Officer, TradeMark East Africa**, focused on identifying direct and indirect pathways for poverty reduction. He noted that there were risks to the poor, for example, there would be adjustment costs at the macro level to any reform of trade regimes or investments in infrastructure and border posts. He called for export strategies for landlocked countries to help in the adjustment period.

Gerald Makau Masila, Executive Director, Eastern Africa Grain Council, presented a project on warehouse modernisation in East Africa and the challenges as well as benefits of harmonisation of standards in the region for smallholders. The process of increasing the awareness and implementation of the standards was ongoing. He mentioned the challenges in skills for grading products at the warehouse level, as well as laboratories etc.

Jodie Keane, Economic Advisor, Trade Division, Commonwealth Secretariat, recommended to distinguish more clearly between vertically specialised and additive/resource based value chains and analyse the subsequent effects of inclusive growth and poverty reduction.

Finally, **Jaime de Melo, Senior Fellow, Foundation for International Development Study and Research**, drew attention to the shift of focus from poverty reduction being defined entirely by targeting the very poor to also aiming to improve the lives of people with less than 25-30 dollar of income per day in Brazil, China, India, Russia and South Africa.

Questions and comments

Questions and comments from the audience focussed primarily on the large share of informal trade in Africa that is not captured in official data. Infrastructure improvements that reduced the time informal and small traders needed to pass borders would lead to gains in household income and enable household investments in education. This would present an important effect of infrastructure

investment that was not immediately captured by data.

Ben Shepherd pointed out that the main points brought up in his network analysis still stood up to scrutiny despite the presence of informal trade. He mentioned a recent analysis in West Africa where it had indeed been difficult to find regional value chains as most value chains remained domestic. This suggested that regional trade agreements in some parts of Africa at least, were not yet effective on the ground, and required further reforms and infrastructure improvements. Another point of discussion centred on the risk and gains of containerisation to bring down the cost of trade, and it was suggested to direct further research to this issue.

Conclusion

The panel concluded with an emphasis on the issue of finding pathways to promote the benefits to the poor from trade facilitation and disentangling the impact of investment in hard and soft infrastructure. Another point to address was how to finance these measures.

Side event 16: The Future of the EU Aid-for-Trade Strategy – A Stakeholder Consultation

Organized by:

Permanent Mission of the European Union, Geneva

Panel:

- > **Giorgio Cocchi**, Deputy Head of Unit, Private Sector Development, Trade, Regional Integration, DG DEVCO
 - > **Marc Vanheukelen**, Director, Sustainable Development, DG TRADE
 - > **Dominik Ziller**, Deputy Director General, Federal Ministry for Economic Cooperation and Development, Germany
 - > **Frans Lammersen**, Principal Administrator, Development Cooperation Directorate, Organisation for Economic Co-operation and Development
 - > **Stephen N. Karingi**, Director, Regional Integration and Trade Division, United Nations Economic Commission for Africa
 - > **Sanoussi Bilal**, Senior Executive/Head of Programme, Economic Transformation and Trade, European Centre for Development Policy Management
 - > **Joseph Wozniak**, Programme Manager, Trade for Sustainable Development, International Trade Centre
-

The current EU Aid for Trade (AfT) strategy was adopted jointly by the EU and its Member States in 2007. Quantitative targets have been met and exceeded since 2008, with the EU being collectively the main global provider of Aid for Trade. Attention has progressively focussed on possible improvements in particular in terms of impact and increased access to Aid for Trade by LDCs and other LMICs. In 2016 the EU will review its strategy, to take stock of relevant processes, notably the Post-2015 Development Agenda and successive Global AfT Reviews; to identify new priority issues and to integrate the latest insights both in theory and best practices. This side event presented an opportunity for stakeholders to share views and raise issues for consideration in the review process.

Presentation

Giorgio Cocchi, Deputy Head of Unit, Private Sector Development, Trade, Regional Integration, DG DEVCO, outlined the current EU Aid-for-Trade (AfT) strategy, progress so far and questions to consider. He recalled that the EU AfT Strategy was a joint one between the EU and its Member States, adopted in 2007. It consisted of five pillars: increase overall AfT as part of the gradual increases of overall EU official development assistance (ODA); implement the commitment by EU member States and the EU to collectively spend €2 billion annually on trade related technical assistance by 2010, including €1 billion from Member States and €1 billion from the EU. In the range of 50% of the increase in the collective EU Trade Related Assistance (TRA) was being made available to African, Caribbean and Pacific (ACP) countries; enhance the pro-poor focus and the quality of EU Aid for Trade; increase EU-wide and Member States' capacity in line with the globally agreed Aid Effectiveness principles; and implement constant monitoring and reporting.

In terms of progress, he reported that commitment on TRA had been collectively achieved in 2008 when the €2 billion target had been exceeded (with the latest expenditure figure being €2.8 billion in 2013). The EU had remained a major AfT donor (the biggest) with €11.7 billion in expenditure in 2013. Aid for Trade to LDCs had remained stable, with a notable increase in 2013, both in absolute and relative terms to reach €2.6 billion in 2013, or 24% of the total EU and member States' Aid for Trade. From an ACP-specific angle, 64% of the TRA increase had gone to the ACP between 2008 and 2013. On aid effectiveness, EU and member state joint programming was currently planned in 50 partner countries across the world, including in more than 20 fragile states.

In terms of questions to consider, he suggested that while the AfT trend was overall positive, had quantitative commitments achieved their objectives? For Aid for Trade to LDCs, he asked if it was a question of size, priority, demand or capacity? On poverty reduction, he asked how to choose indicators that reflected better the link between trade and poverty reduction? He further asked how to move from a monitoring and reporting based on AfT flows, to one giving a greater place to impacts and results? He asked if Aid for Trade was the only means for donors to support growth through trade and what links to make to other means of implementation? Another question was the implications for donors like the EU,

that had both trade and development policies, and how best to articulate them in trade agreements and Aid for Trade to maximise development impact? Lastly he enquired what the move from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs) would imply for the EU's Aid-for-Trade Strategy?

Marc Vanheukelen, Director, Sustainable Development, DG TRADE, gave an introduction by DG TRADE on the importance of Aid for Trade and how trade and development policies could be mutually supportive. Trade alone cannot achieve lasting, inclusive and sustainable development; supportive and enabling policies at the domestic level were paramount. By supporting partners to identify, enact and implement such enabling policies, Aid for Trade would make its strongest contribution. Ensuring the subsequent multiplier effect that Aid for Trade could have on developing countries occurred was a big responsibility: both that the multiplier happened where it was most needed and that it had the most sustainable impact. It was a shared responsibility, which is why Aid for Trade, like ODA, was programmed according to beneficiaries' own priorities, ownership by developing countries of their own development process being paramount. Aid for Trade could have the biggest impact when it linked to broader processes. In the trade arena this means trade agreements, whether bilateral, plurilateral, or of course most significantly multilateral. The EU accompanied the implementation of trade agreements, among others means, through the provision of Aid for Trade. Trade policy coherence for development was a legal obligation for the EU; at the same time, Aid for Trade was how developing countries were supported to implement and benefit from trade agreements. This reflected the mutual supportiveness of trade and development policies.

Dominik Ziller, Deputy Director General, Federal Ministry for Economic Cooperation and Development, Germany, highlighted the challenge for EU member States of integrating trade and development functions. Trade with developing countries did not just happen; it required a framework and government's involvement to lead to economic development for developing countries. That was why Aid for Trade was of such importance for Germany, as demonstrated by having become the largest EU member State provider of Aid for Trade, with disbursements of US\$3.4 billion in 2013 and projected commitments of US\$5 billion in the coming years. In terms of commitments to LDCs, a

100% increase was foreseen, as Germany had not yet reached the 0.15% of GDP to LDCs commitment. He noted that the role of the private sector and civil society would be strengthened, so that trade happened according to social and environmental standards without social and environmental dumping. Speaking on the transition from the MDGs to SDGs, he noted that trade was set to be an important means of implementation, with ODA leveraging private investments for development.

Frans Lammersen, Principal Administrator, Development Cooperation Directorate, Organisation for Economic Co-operation and Development (OECD), outlined the main trends identified by recent AfT research and studies. Among the challenges for the Aid-for-Trade Initiative, he identified supporting economic growth for developing countries without a correspondingly rise in their carbon footprint, movement of donor interest beyond ODA to include investment and domestic resource mobilisation, stalemate in negotiations on the multilateral trade system and how to make the Aid-for-Trade Initiative more inclusive? OECD analysis showed that there was a strong correlation between AfT needs and AfT disbursements. While LDCs received comparatively less in absolute terms, but their per capita figures were three times higher than those of middle-income countries. He noted that EU ODA loans went mainly to upper-middle-income countries, less to LDCs. While global value chain opportunities were present, but the poor were priced out due to high trade costs. These high trade costs had to be reduced, through a mix of financing instruments: blending, grants, etc. Getting the mix right was an ongoing challenge. He suggested that further harmonising donor projects would be welcome, but a multiplicity of trust funds would hamper ownership. Private sector engagement was essential, but there needed to be clarity as to who was benefitting: the private sector in developed countries or in beneficiary countries, or both? Aid for Trade should not be allowed to distort trade in his opinion. He suggested that the EU should try new approaches for example through AfT Budget Support for reducing trade costs. On measuring results, he noted that there was no single method and that the 2015 OECD-WTO Aid-for-Trade at a Glance publication was a useful reference document. Lastly, he suggested that it would be interesting to have trade costs reduction objectives.

Stephen N. Karingi, Director, Regional Integration and Trade Division, United Nations Economic Commission for Africa (UNECA), offered perspectives on how to increase the access and impact of Aid for Trade on LDCs, by referring to UNECA's "Economic Report on Africa 2015: Industrialising through Trade". Flows of Aid for Trade had to be put in the context of the beneficiary economy sizes (LDCs, Small Island Developing States (SIDS), Landlocked Developing Countries (LLDCs). These received more than other African economies in relative terms, but volumes should not be the only lens for assessment. He asked the question of how Africa would industrialise through trade. There was more coherence today, but impact on socioeconomic transformation has been weak. One had to look into the nature, character and impact of trade in terms of development. For years, diversification of jobs from agriculture had gone to services with low value, rather than to industry where value and wages were higher. Aid for Trade could further foster structural changes for higher productivity and labour intensity (with decent wages). Africa was part of global value Chains mainly through forward integration (i.e. supplying inputs). Higher impact could be obtained by further regional integration and by further backward integration (i.e. sourcing inputs across borders), thus creating higher value within the continent. Higher shares of Aid for Trade could go to regional projects fostering backward integration of value chains. He highlighted that despite its recognised importance, relatively less Aid for Trade went to the services sector and urged support to LDCs to obtain higher value from services. In his opinion, aligning to the continental frameworks (ten-year programme, Programme for Infrastructure Development in Africa (PIDA), etc.) would also increase impact of Aid for Trade.

Sanoussi Bilal, Senior Executive/Head of Programme, Economic Transformation and Trade, European Centre for Development Policy Management (ECPDM), discussed how Aid for Trade and trade agreements could support each other. Noting that aid was useful, there were also other means of financing for development. Discussion should not focus solely on aid any longer. Trade was not an aim in itself; it was a means for poverty reduction and economic transformation. Aid for Trade had been useful in supporting developing countries in their trade agreement negotiations. The time between conclusion of Economic Partnership Agreements (EPA) negotiations and agreement implementation could be long due to administrative and legal procedures. Such time should be used

already to prepare the next phase, i.e. speeding-up the operational preparatory work for implementation. Trade agreements were about business partners taking advantage of the opportunities offered. A stronger emphasis on business was needed to tailor Aid for Trade according to business needs. Too often aid operated in silos, keeping debates artificially separated. This called for an integrated approach that reducing trade costs for developing countries, but also examined what to trade. Further increasing productive capacities, industrialisation and moving up the value chain were key. Too often Aid for Trade was discussed in technical terms while ignoring the politics behind. Therefore, more attention should be paid to the political economy and dynamics behind the context in which Aid for Trade operated.

Joseph Wozniak, Programme Manager, Trade for Sustainable Development, International Trade Centre (ITC), discussed emerging issues for Aid for Trade including sustainable development. Free, globally available public goods and accessible trade information were an effective way to contribute to the AfT agenda and any future AfT strategy. ITC had developed a series of global public goods: TradeMap, StandardsMap, MarketAccessMap with some 450,000 users and a growth rate of 470% over the past five years. ITC's strategy looked to increase outreach to beneficiaries including Mobile solutions and other IT tools; provide more information about companies doing business (connecting suppliers and buyers); developing customised tools, regional in scope, linked to trade and investment institutions; providing decision-making tools; and expanding surveys of non-tariff-measures that SMEs themselves say they are confronted with. He suggested moving to big data by connecting companies to sustainable value chains through accessing at the right information at the right time. He also opined that big data access was set to inform and provide solutions for a renewed AfT strategy.

Questions and comments

Aid for Trade to LDCs was probably not increasing because of competing priorities in beneficiary countries, which posed the issue of the Aid for Trade additionality in relation to the rest of ODA. Complexity of EU procedures could also be a difficulty in increasing Aid for Trade to LDCs: i.e. timeframes of EPA negotiations and EU Aid for Trade were not articulated. It had been challenging to plan EPA implementation accompanying measures in between two European Development Fund programming

cycles. EU joint programming with EU member States was important and should be encouraged to give further predictability to AfT funding over time. Incorporating new issues to the EU AfT strategy, like environment, should not lead to a dilution of the means available to support the strategy's traditional pillars. Additionality should be considered. There was good will in donor countries for trade to make a real contribution to economic development, but that impact was not yet fully realised, probably because donors focused on trade down-stream, while reinforcing countries capacities up-stream was also needed.

Conclusion

Updating the EU Aid-for-Trade Strategy would entail consideration of the various processes impacting on development as the global community headed towards the Addis Ababa and New York meetings this year, whereby aid would not be the only means of implementation of financing for development. Trade was set to have an important role in achieving the new SDGs, as long as it was associated with an AfT agenda seeking to support developing countries, in particular LDCs, in reaping the benefits of trade liberalisation. This would require a more strategic trade and development policy articulation around trade negotiations and agreement implementation. Aid effectiveness principles and private sector engagement would remain key, so that the donor community responded to the needs of those on the ground doing business. Diversification to higher value sectors, industrialisation, removing barriers to regional value chains, alignment to regional and continental dynamics were some of the issues proposed to consider. Just as important would be to ensure Aid for Trade was delivered in an integrated manner while incorporating better political economy considerations. Existing and future market information tools could optimise such processes.

Side event 17: Good Management: A Way to Increase Economic Benefits, including Trade in the Fisheries Sector

Organized by:

Permanent Mission of Norway, Geneva
Food and Agriculture Organization (FAO)

Opening remarks:

- › **Morten Høglund**, State Secretary, Ministry of Foreign Affairs, Norway
-

Panel:

- › **Per Sandberg**, Head of Statistics Department, Directorate of Fisheries, Norway
 - › **Audun Lem**, Deputy Director, Policy and Economics Division in the Fisheries and Aquaculture Department, FAO
 - › **Gabriella Bianchi**, Senior Fisheries Resources Officer, FAO
 - › **Aasmund Bjordal**, Director, Centre for Development Cooperation in Fisheries, Institute of Marine Research, Norway
-

The side event focused on the sound and sustainable exploitation of fish resources in such a way to increase economic benefits for those participating in the fisheries sector. This involved good governance in fish stocks which is underpinned by adequate data collection, control of catch capacity, monitoring, control and so forth. The participants also provided an overview of the global fishery sector which consists of captured fisheries and growing aquaculture, with the developing world enjoying both a large share of the supply and a growing consumption rate. Traceability and eco-labelling were emphasised from a sustainability and market access point of view. Details of the EAF Nansen project were explained. The project is a partnership between Norway and FAO which assists developing countries in building up an ecosystem approach to fisheries management. The desired impact of the Programme is that people in partner countries are nutrition secure and less poor. The Nansen Program was also discussed in view of the launch of their third vessel that will become operational for research and surveys late 2016.

Presentation

The session was introduced by **Morten Høglund, State Secretary, Ministry of Foreign Affairs, Norway**. He said that fisheries were the second most important source of income in Norway and the management of resources and the elimination of subsidies are therefore vital. Many countries, including developing countries, had an abundance of fish resources that had to be managed properly. In Norway for example, an ecosystem based approach reversed the pressured fish stocks of herring and cod while safeguarding profitability and economic benefits for the sector at the same time. To demonstrate this process and how it could be achieved in the developing world, he introduced the different speakers who addressed associated issues.

The first presentation was by **Per Sandberg, Head of Statistics Department, Directorate of Fisheries, Norway**, on the importance of good governance to maximize the economic benefits in the fisheries sector. Good governance in fisheries, he said, included good knowledge of the fish resources, sound exploitation of the fish resources, control of catch capacity and adequate monitoring, control and enforcement of fisheries. Data from research vessels was required to answer questions surrounding sound knowledge of fish resources such as the size of the fish stock, its maturity levels, whether it could spawn and the productivity of the fish stock at various stock levels. This data was neutral and independent of fisheries.

Mr Sandberg said that sound exploitation of fish resources would lead to maximum economic benefits. In this regard two questions were important: (1) how much of the fish stock should be fished each year to ensure a high sustainable catch? And, (2) how many fishermen and fishing vessels should be allowed to participate in the fishery? Mr Sandberg explained that there was an economic incentive for the individual fisherman to harvest more than his allocated share. Consequently, there was a need for monitoring and control of the fishery, *inter alia* through the registration of all fishermen, vessels and licences, and so forth.

Norway had a high cost of living and a very low level of unemployment. This implied a need for high productivity – also in fisheries, in which they had established harvest rules to exploit their fish resources in a precautionary manner and to obtain

a high sustainable yield. Norway also established a framework that aims for a balance between fishing efforts and sustainable yield from the fish stocks, monitoring, control and surveillance. The objectives of fishery management may vary for different countries. The usual objectives when exploiting a fish resource was maximum yield, low risk of stock collapse and stability in terms of the size of fish stock fisherman may harvest from year to year. However, objectives may differ, and instead of a focus on high productivity and profitability, employment and food security might be the emphasis. In both cases however, there was a need for knowledge of good governance of fisheries, that was, about the fish resources and their productivity, the effect of the fishery on the fish stock, and that this knowledge is utilized when establishing management measures for the fishery.

Audun Lem, Deputy Director, Policy and Economics Division in the Fisheries and Aquaculture Department, FAO, presented on fish trade and sustainable resources management. He started by inviting all participants to the 20 year anniversary conference of the FAO Code of Conduct for Responsible Fisheries to be held on 8 and 9 October 2015 in Vigo, Spain. He went on to explain that the global fishery sector was diverse, both in terms of fish types and geography, while Asia was a dominate player. Production (or supply) consisted of a stable supply of captured fisheries and growing aquaculture, which was over-taking captured fisheries in the share of consumption of fish. The growth of aquaculture meant that in the long term there was better control of production and that products adapt easier to market requirements. Most of the aquaculture sector expansion lay in developing countries and would make a significant contribution to future food and nutrition security. Capture fisheries, on the other hand, included marine and in-land fisheries. A large proportion of marine fisheries were fully fished at Maximum Sustainable Yield. Although there are some overfished marine stocks, the situation seems to be improving. In-land stocks remained under fished but some stocks had collapsed or were collapsing.

China, Norway, Vietnam and Thailand were the biggest exporters in 2014 while the EU, the USA, Japan and China were the biggest importers. According to Organisation for Economic Co-operation and Development (OECD) and FAO projections, developing countries were catching up in terms of consumption. Prices had increased but

not as rapidly as compared to meat. Today, fish was one of the most traded food commodities, often crossing multiple national boundaries on its journey from production to consumption. Globalization of supply chains, concerns about food safety and quality assurance, and consumer awareness of fisheries sustainability issues (IUU fishing) had led to a growing need for traceability mechanisms and guidelines. However, the balance between the need for traceability and minimizing unnecessary barriers to trade remained important. Traceability was now included as a market access requirement in the regulations of major seafood markets such as the European Union, the United States, and Japan. It was necessary to show that the fish had been caught legally from a sustainably-managed fishery wherever in the world that may be. It was also an important component in many private eco-labelling schemes. FAO guidelines stated that any claims on the labels should be accurate and verifiable through a traceable chain of custody. Some of the costs and benefits of eco-labelling and certification included providing access to new markets or consumer groups and encouraging the development of stable and integrated supply chains. However, there were many new labels that might be confusing to the consumer and therefore clarification was needed by bench-marking ecolabels.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) played a very important role. Previous CITES listings were largely commercially unimportant species. However, the 2013 listing of new species pointed to the need for increased dialogue and collaboration. In particular FAO was focused on providing technical assistance to developing countries in implementing the mechanisms and practices associated with a CITES-listed species. The FAO-NORAD Value-chain study showed that fish trade had in most cases a positive impact on local welfare but trade could increase pressure on resources and lead to over fishing if fisheries management instruments were not used. Fisheries management referred to the wide range of policies and practices which enabled the sustainable exploitation of a fishery resource. Fisheries management processes must involve many different stakeholders beyond the management authority itself and give due consideration to competing interests and risk stemming from uncertainty.

There were five key management policy areas which include (i) an ecosystem approach to fisheries (EAF), (ii) small-scale fisheries, (iii) marine protected areas

(MPAs), (iv) traceability and IUU fishing, and (v) eco-labels. All the key international agreements adopted over the last two decades, including the 1995 FAO Code of Conduct for Responsible Fisheries, had stressed the need for the adoption of these five elements and a collaborative, decentralised multi-stakeholder approach that included non-harvesting objectives while recognizing the requirement of understanding and managing ecosystems in an economic context.

Most of the world's fishers were employed in small-scale fisheries. The international community recognized the urgent need to develop policy frameworks and practical strategies to inform, assess, monitor and manage small-scale fisheries. The emphasis was on a rights-based approach which also covers the rights of fishers to an adequate livelihood. FAO COFI Adopted Voluntary Small-Scale Fisheries Guidelines in 2014. MPAs could have a critical role to play in sustainable fishing in preserving critical habitats or sensitive life stages of species. MPAs had to strike a balance between conservation and the rights of current users. The Code of Conduct for Responsible Fisheries set out principles and international standards for responsible practices with respect to the goals of conservation, management and development and aimed to increase productivity and sustainability.

The EAF-Nansen Programme in support of sustainable fisheries in developing countries was introduced by **Gabriella Bianchi, Senior Fisheries Resources Officer, FAO**. From 1975 the programme had developed into a unique mechanism for cooperation, knowledge and manpower exchange in developing regions and particularly in Africa. Thanks to the use of the UN flag, the R/V (research vessel) Dr. Fridtjof Nansen could easily move across jurisdictional boundaries and address transboundary issues. The present drivers of marine ecosystem change were to monitor overfishing and other ecosystem impacts of fishing (such as provision of food, income, and livelihoods). External drivers included land-based pollution (including marine debris), oil and gas exploration and exploitation, and climate change and oceans acidification.

The EAF Nansen Programme comprised of (1) science, (2) management and policy, and (3) capacity development. Cross cutting issues were public awareness, outreach and resource mobilization. The desired impact of the Programme was that people in partner countries were nutrition secure

and less poor. This was to be achieved through three components. First, a science component which involved enhancing the knowledge base for the sustainable management of fisheries resources in the face of climate variability and change, pollution and anthropogenic pressures. Second, a management and policy component which involved the improved management of fisheries in developing countries while taking into consideration the risks and opportunities related to climate, pollution and other environmental and anthropogenic stressors. Finally, the third component was capacity development which involved increasing the capacity for sustainable management of fisheries in developing countries and the promotion of gender equality and effective participation of women.

The fundamental model of sustainable development was implemented through the EAF. The world was characterized by increasingly globalized economic activity, increasing environmental degradation and widening income inequality. Achieving sustainable development depended critically on understanding how these trends are linked at domestic and international levels as the basis for identifying ways of reverting them. Ms Bianchi explained how a management plan was developed for a very specific area/system with operationally defined boundaries. She emphasized that stakeholder participation was envisaged at all levels of the planning and implementation steps and all key components of a fishery (ecological, social-economic and governance) were comprehensively considered while also taking into account external drivers. There were four phases for setting policy objectives and it stretched over five to ten years. These included (1) initiation and planning, (2) identifying and prioritizing issues, (3) developing a management System, and (4) implementation and monitoring.

An integrated assessment of a fishery took cognisance of the (1) ecological wellbeing of targeted species, by catch/discards and the general ecosystem, (2) human wellbeing, and (3) the ability to achieve governance, and external drivers. The Programme would start in July 2016 and would be implemented by FAO, in close collaboration with IMR (Norway) and through partnerships at international, regional and national levels.

Aasmund Bjordal, Director, Centre for Development Cooperation in Fisheries, Institute of Marine Research, Norway, introduced the new “Dr. Fridtjof Nansen”. Mr Bjordal said that the Nansen Program

was conceived in the 1960s and the first vessel had left Norway in 1974. The second vessel was launched in 1993 and was still operational. It had mainly been active in Africa, but also in Latin America where it collected data and provided on the job training. There were currently around 4,500 fish species in the database and it was expanding in ecosystem surveys.

He explained that a new vessel had started construction in 2014 and should be operational for research/surveys by late 2016 and thereby ensured the duration of the programme for a further 20 years. The third vessel had functions such as Oceanography; Plankton; Marine Biology; Geology; Geophysics, etc. and offered on-board/on-the-job training of local scientific staff. It also had, *inter alia*, different laboratories, such as a fish lab, wet/dry, benthos/sediment/plankton, two hangars, large meeting/lecture room, marine mammal/seabird observatory and arrangement for three 20f containers.

The new research vessel was a microscopic example of trade associated to the fisheries industry. In addition to global trade in fish products *per se*, there was a significant associated trade of various products based on the fish resources, such as fishing vessels, fishing gear and equipment, engines, fuel, instruments, computers, fish processing equipment, cooling and freezing plants, packaging, transport, tourism, and so forth.

Questions and comments

The panel was asked to elaborate on the reform lessons in Norway and how Norway made the transition (across the board policy reforms). One fundamental aspect, was said in reply, was Norway’s low level of unemployment and therefore the transition from being a fisherman was not harmful. Norway focused on two elements, to restore fish stocks and to harvest sustainably in cooperation with their neighbours such as Russia and the EU. Norway performed a long-term forecast for the consequences of fish stocks, a risk analysis and formulated long term harvest rules. It also initiated a buy-back programme where the Government bought fishing vessels from owners which left the remaining fisheries more profitable.

Another question focused on the relationship between fisheries management and subsidies during negotiations. In answering the question, the

panel referred to studies that indicated that over capacity will lead to over fishing. Subsidies ensured over capacity. The question was how to reduce the subsidies. When subsidies reduced, over fishing reduced and the profitability of fishing would increase.

Conclusion

The panellists thanked the attendees for their interest and invited them to attend future events or to acquire further information on the subject from the presenting organizations.

Side event 18: The Vienna Programme of Action for the Landlocked Developing Countries 2014-2024

Organized by:

Permanent Mission of Paraguay, Geneva

Permanent Mission of Tajikistan, Geneva

Moderator:

- > **Juan Esteban Aguirre Martínez**, Ambassador, Permanent Representative to the WTO, Paraguay
-

Panel:

- > **Gyan C. Acharya**, UN Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Developing States
 - > **Nazriev Saidrahmon**, First Deputy Minister of Economic Development and Trade, Republic of Tajikistan
 - > **Banesaty Thepphavong**, Director General, Department of Import and Export, Ministry of Industry and Commerce, Lao People's Democratic Republic
 - > **Christopher Onyanga Aparr**, Ambassador, Permanent Representative to the WTO, Uganda
 - > **Klaus Tilmes, Director**, Trade and Competitiveness Global Practice, World Bank Group
-

The side event was jointly organized by Paraguay and Tajikistan. The objective of the session was to recall the Vienna Programme of Action and to discuss the decade of actions planned to address the special development needs and challenges of landlocked developing countries (LLDCs) arising from the landlockedness, remoteness and geographical constraints in a coherent manner. The discussion emphasized the importance of reversing the deep-seated structural weaknesses that have prevented LLDCs from harnessing trade to achieve economic growth with equity, by targeting the root causes and the channels through which LLDCs can integrate into the global economy. Speakers called on donor agencies and international organizations to intensify their support for LLDCs' reform efforts in a manner that allows for synergies between transport development objectives, trade facilitation, economic diversification, export competitiveness and poverty alleviation. Additionally, particular attention was given to the development and expansion of efficient transit systems and regional cooperation, in order to transform LLDCs into land-linked countries.

Presentation

Gyan C. Acharya, UN Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Developing States (UN-OHRLS), opened the session by recalling the Vienna Programme of Action (VPoA). Landlocked developing countries faced specific challenges including high transport costs and logistics' infrastructures costs. Attention needed to be paid to the trade development of landlocked countries and the related challenges – action that would significantly contribute to the millennium goals including reducing extreme poverty. He mentioned the first Almaty Programme of Action addressing the special needs of landlocked developing countries which had identified the challenges of LLDCs and proposed a strategy to address them. He emphasized the need for structural economic transformation that responded to competitiveness, diversification and access to finance. He stressed that volatility and vulnerability were high in Africa. He mentioned that with regard to the global development agenda, the VPoA should be given special attention and mainstreamed with trade facilitation priorities aiming at reducing trade costs for inclusive sustainable growth. He called upon all development partners including WTO, to aim at greater cooperation.

Nazriev Saidrahmon, First Deputy Minister of Economic Development and Trade, Republic of Tajikistan, shared the Tajik experience on trade facilitation and outlined the policies that his country had put in place to ensure poverty reduction, including trade policy that gave importance to implementation of the WTO Trade Facilitation Agreement (TFA). He mentioned that out of 37 TFA measures, Tajikistan had 27 of them under implementation and only ten would be scheduled under Category C.

Banesaty Thepphavong, Director General, Department of Import and Export, Ministry of Industry and Commerce, Lao People's Democratic Republic (Lao PDR), shared her country's experience, highlighting the tremendous improvements that had taken place through institutional reforms, application of automated systems in customs, establishment of a trade facilitation secretariat, trade portal and other measures. She suggested that Lao PDR had become a land-linked, not a landlocked country.

Christopher Onyanga Aparr, Ambassador, Permanent Representative to the WTO, Uganda, shared Uganda's experience and outlined how regional integration had helped overcome some challenges, including non-tariff barriers, through initiatives under East Africa Community framework which had helped to reduce cost of trade tremendously.

Klaus Tilmes, Director, Trade and Competitiveness Global Practice, World Bank Group, underlined the importance of information across value chains. He further indicated that connecting landlocked countries went beyond simple trade facilitation and required a combination of institutional capacity, hard and soft infrastructure. He suggested that the services sector was a high potential sector for landlocked countries.

Kazakhstan also shared its experience as a new acceding countries and commitment to trade facilitation.

Conclusion

The session ended with a call to Members to play their role in moving forward the Vienna Programme of Action, in line with trade facilitation implementation, so as to achieve trade cost reductions that would support sustainable growth.

Side event 19: Reducing Trade Costs by Mapping Sustainability Standards in Supply Chains

Organized by:

Permanent Mission of Switzerland, Geneva

Opening remarks:

- › [Ivo Germann](#), Head of Operations, SECO, Switzerland
-

Moderator:

- › [Remigi Winzap Ambassador](#), Permanent Mission to the WTO, Switzerland
-

Panel:

- › [Dominik Ziller](#), Deputy Director General, Federal Ministry for Economic Cooperation and Development, Germany
 - › [Dorothy Tembo](#), Deputy Executive Director, International Trade Centre (ITC)
 - › [Juan Carlos Ardila](#), Managing Director, Cafexport Colombia
 - › [Antonia Wanner](#), Head of Global Commodity Procurement, Nestlé
 - › [Puvan Selvanathan](#), Head, Food and Agriculture Business Principles Programme, UN Global Compact
-

This side event presented the work of the ITC Trade For Sustainable Development Programme (T4SD) and invited different key stakeholders of the programme to share their perspective on the importance of sustainability standards for promoting sustainable trade and reducing trade costs for developing countries.

The event demonstrated the importance of sustainability standards for the promotion of sustainable trade and highlighted the opportunities they can offer to developing countries in terms of improving competitiveness and enhanced market access. However, the presentations and discussions also made clear that the compliance with sustainability standards still posed many challenges for suppliers in developing countries, in particular for small- and medium-sized enterprises (SMEs). The speakers agreed that the T4SD, and in particular its flagship product the Standards Map, provided crucial support to developing countries and their suppliers and allowed them to effectively reap the possible benefits of sustainability standards by opening new market opportunities and reducing trade costs.

Presentation

In his opening remarks, **Ivo Germann, Head of Operations, Economic Cooperation and Development, SECO, Switzerland**, stressed the importance of trade as an engine for development and highlighted the importance Switzerland attributed to sustainability and to promoting sustainable trade for sustainable development. Switzerland was convinced that sustainability standards played an essential role in the promotion of sustainable trade and offered many opportunities for developing countries. However, compliance with sustainability standards held challenges for many economic actors from developing countries, in particular for SMEs. In order to mitigate these challenges and allow the potential of sustainability standards to unfold, Switzerland had supported the ITC's T4SD from its start and was convinced that the programme provided crucial support in making neutral information on standards easily and widely accessible and thus allowing stakeholders to take informed decisions on sustainability standards and facilitating compliance.

Dominik Ziller, Deputy Director General for International Development, BMZ, Germany, (Co-Donor), highlighted that the compliance with sustainability standards provided significant opportunities for developing countries to pave the way to new market or enhance market access to existing markets. ITC's T4SD in this regard played an important role in capacitating SMEs in developing countries to work with sustainability standards and thus to securing this additional market access. T4SD was a practical tool to provide more transparency and credible data on sustainability standards, particularly benefiting small producers. Facilitating compliance with sustainability standards was an important contribution to stopping social and ecological dumping, raising the share of sustainably produced goods and including developing countries in global value chains.

Dorothy Tembo, Deputy Executive Director, ITC, emphasized that sustainable trade mattered to everyone and that demand for sustainably produced goods was growing. Sustainability standards had an important role to play in this regard and did not only offer new trade opportunities for developing countries, but also opportunities to improve product quality and boost competitiveness. However, the landscape of sustainability standards had become complex and compliance with standards increasingly

challenging. In order to realise the opportunities that sustainability standards offer, a collective effort was necessary to facilitate compliance with standards. The Standards Map tool, developed by ITC, was an online database providing comprehensive data on sustainability standards in collaboration with over 170 standards. The information was constantly updated and was regularly reviewed by peer groups thus providing a neutral and verified comparison point and possibility for self-assessment of standards.

Juan Carlos Ardila, Managing Director, Cafexport Colombia, explained that despite impact measuring of sustainability standards having started only recently, he could tell from his personal experience that sustainability standards had definitely mitigated social and environmental problems. Despite at first also some reluctance towards sustainability standards, suppliers in Colombia were more and more starting to work with these standards and to actually try to make use of the opportunities they offered. He highlighted the need to start to think beyond the farms, as many sustainability issues actually lay beyond the supplier side. He also stressed the importance of changing the mind-set among suppliers and investing in long-term structural reforms regarding compliance with standards so that sustainability became sustainable.

Antonia Wanner, Head of Global Commodity Procurement, Nestlé, presented key learnings that Nestlé as a big multinational buyer had discovered in the implementation of their sustainable business model. Firstly, sustainability standards were a key driver for sustainability. The Standards Map of ITC's T4SD had been a great achievement and had taken emotion out of the debate and focused attention on action. However, standards were not a silver bullet, additional tailored remedies were needed. Standards alone, for instance, did not reduce child labour. It was necessary to raise awareness and inform people about what was acceptable and what was not when children were helping in the family business, to stress that sending children to school was very important, but then also to actually make it possible for the suppliers to send their children to school. And information and training was not limited to suppliers, but consumer communication was equally crucial, as most consumers were poorly informed about what standards and labels stood for. In this regard, Nestlé had launched a broad initiative

by providing very tangible and concrete information about suppliers on product labels.

Puvan Selvanathan, Head, Food and Agriculture Business (FAB) Principles Programme, UN Global Compact, presented the FABs programme of UN Global Compact (UNGC) that had been launched in Rio in 2012 and attempted to agree a common language regarding sustainability, so that there was a common understanding of issues related to sustainability. UNGC formulated them in form of business principles, accounting for the fact that the private sector increasingly was seeing sustainability as also being an issue that concerned them. UNGC was now currently working with ITC on building up a broad integrated, big data platform that would allow a very thorough protocol to map through the jungle of sustainability standards. The idea was to create a registry for suppliers by issuing them global location, or “blue numbers” to create the foundation for traceability and to better understand how many farmers and trading partners were out there and how they were farming and operating – to make them part of the global community. He suggested that there was need for a global registry in which farmers would be visible. This programme would be launched at the UN General Assembly in September 2015.

Comments from the floor remarked that there was still a lack of coordination among businesses, as many suppliers would encounter the problem that different buyers demanded compliance with similar, but different standards, forcing them to comply with several similar standards at the same time. Furthermore, it was discussed whether there it was necessary to link public and private standards or to, for example, discuss private standards in a forum like WTO.

Conclusion

In their concluding remarks, the speakers once again highlighted the important opportunities that sustainability standards offered, but also acknowledged that many challenges remained. Participants agreed that the T4SD, and initiatives like the big data platform of UNGC, were crucial tools to bring improvements in order to reap the full benefits of sustainability standards. They noted that much remained to be done, but that these programmes constituted an important step in the right direction and a solid basis for further work.

Side event 20: Understanding Effective Development Partnerships – Cooperative Experiences with Developing Countries/LDCs

Organized by:

Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
World Vision

Panel:

- › **Shih-Yuan Lai**, Permanent Representative of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO, Geneva
 - › **Shih-Hung Liu**, Deputy Director, Technical and Cooperation Department, ICDF, Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO, Geneva
 - › **Carmen Gisela Vergara**, Secretary-General, Secretariat for Central American Economic Integration
 - › **Njabuliso Busisiwe Gwebu**, Ambassador, Permanent Representative to the WTO, Swaziland
 - › **Beris Gwynne**, Director and UN Representative, World Vision International, Geneva
-

This side-event showcased the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's Aid-for-Trade projects in Latin America, Africa and the Pacific. It set out to share results and experiences with Members on how these projects are benefiting the local people in the participating countries and their relevance to the specific aims of WTO's Aid-for-Trade Initiative.

Presentation

Shih-Yuan Lai, Ambassador, Permanent Representative of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO, explained how in the 1950s and 1960s the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was a recipient of foreign aid, and it was the Government's wise and effective use of that aid in developing the economic infrastructure that produced the rapid economic growth they experienced in the 1970s and 1980s. They then started to send agriculture and medical teams into LDCs, with good results, which after the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's accession to the WTO in 2002 led them to channel more foreign aid resources through Aid-for-Trade (AfT) projects in Latin America, Africa and the Pacific.

Shih-Hung Liu, Deputy Director, Technical and Cooperation Department, ICDF, Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, said that ICDF ran many AfT projects in Latin America, Africa and the Pacific. For example, an E-customs project was helping to reduce the costs of trade in Belize and several vegetable marketing and promotion projects were assisting farmers in Swaziland and Fiji to make a profit for the very first time.

Carmen Gisela Vergara, Secretary-General, Secretariat for Central American Economic Integration, demonstrated the importance of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's efforts in Central America to the economic development of the region.

Njabuliso Busisiwe Gwebu, Ambassador, Permanent Representative to the WTO, Swaziland, showed how projects of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu were contributing to the economic development of Swaziland.

Beris Gwynne, Director and UN Representative, World Vision International, Geneva, proposed that Aid for Trade should be designated as sustainability work and suggested that the value of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu's efforts in the AfT area should not be under-estimated.

Conclusion

The overall conclusion of participants and experts alike was that the Aid-for-Trade work of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu was extremely effective and deserved much greater recognition around the world. It must continue with its AfT projects and more effort should be made to communicate the successful results of these cooperative partnerships to the international community.

Side event 21: Promoting Cooperative to Cooperative Trade for Sustainable Development

Organized by:

Centre for Socio-Eco-Nomic Development (CSEND)

International Labour Organization (ILO)

International Co-operative Alliance (ICA)

Panel:

- › **Eloi Laourou**, Ambassador, Deputy Permanent Representative to the United Nations Office in Geneva, Benin
 - › **Aly-Khan Jamal**, Expert Advisor, Dalberg Global Development Advisors
 - › **Sergi Corbalan**, Executive Director, Fair Trade Advocacy Office
 - › **Zhang Wangshu**, Managing Director, International Cooperation Department, All-China Federation of Supply and Marketing Cooperatives
 - › **Rodrigo Gouveia**, Policy Director, ICA
 - › **Raymond Saner**, Director, CSEND & Diplomacy Dialogue
-

Cooperative enterprises are major players in the global economy. According to the most recent figures of the International Co-operative Alliance, the 300 largest cooperatives in the world have a combined turnover of US\$2.2 trillion. Some 250 million people are employed or earn their living thanks to a cooperative enterprise. The panel will examine the links between cooperatives and trade, practical experiences of cooperative-to-cooperative trade and how this can make value chains shorter, fairer and more efficient and competitive.

The session addressed the following questions around trade costs:

- How do cooperative enterprises contribute to addressing some of these pressing trade issues?
- What are the benefits of cooperative-to-cooperative cross border trade? In particular, what are the added benefits for developing and least developed countries?
- How do fair trade and similar partnership approaches to trade, that often build on partnerships with cooperatives, lower trade costs?
- How can cooperative enterprises help developing and LDCs link up to global and regional value chains?

Presentation

Eloi Laourou, Ambassador, Deputy Permanent Representative to the United Nations Office in Geneva, Benin, stated that cooperatives were very important actors for delivering on sustainable development goals. They helped address social, economic and environmental challenges in both developed and developing countries. Access to finance was a key challenge for cooperatives, especially in low-income countries. When talking about cooperatives and trade the focus should not only be about market access but also food security. Special and Differentiated Treatment provisions should be designed in a manner that allowed for the cooperative model to thrive and benefit producers and workers who were not getting their fair share from the global supply chains.

Aly-Khan Jamal, Expert Advisor, Dalberg Global Development Advisors, highlighted that agricultural trade between cooperatives was a promising starting point to drive greater intra-coop trade. Intra-cooperative trade was around US\$10 billion in 2012; and was mostly made up of competitively priced, fresh, low value-added goods traded nationally and intra-regionally. There were multiple barriers that inhibited coop-to-coop trade in the areas of: production, harvesting and aggregation; sorting, processing and merchandising; trade and wholesale distribution; and retail and consumption. To increase coop-to-coop trade, it would be necessary not only to link producers and consumers but also to establish a clear value proposition for consumer cooperatives. Targeted efforts could substantially increase trade flows, both between cooperatives and from cooperatives to the rest of the world.

Sergi Corbalan, Executive Director, Fair Trade Advocacy Office, suggested that fair trade offered an inclusive model of trade by seeking greater equity in international trade through trading partnerships, based on dialogue, transparency and respect, it contributed to sustainable development and inclusive growth by offering better trading conditions to, and securing the rights of, marginalized producers and workers. These aspects of fair trade suggested that fair trade was a movement clearly related to cooperatives. Cafédirect was a good example of fair trade in the UK. The premium went to the cooperative (not to the farmers) for institutional development and strengthening.

Zhang Wangshu, Managing Director, International Cooperation Department, All-China Federation of Supply and Marketing Cooperatives, recalled that business-to-business (B2B) trade represented 34% of China Coop's trade portfolio. Agro inputs represented 59.9% of China Coop export structure and 37.5% of its import structure. The diversity of ICA members in different countries and sectors allowed trade among cooperatives based on comparative advantage, not just about shared principles. Coop-to-coop (C-to-C) trade also meant lower transaction costs and lower risks. The first and very basic barrier in C-to-C trade was the fact that conceptually cooperatives were connected. However with respect to information and business relations, these were scattered and separated.

Rodrigo Gouveia, Policy Director, ICA, noted that cooperatives were a part of the fair trade system. Cooperatives were people-centred and based on values. The most relevant of the seven cooperative principles for making trade more equitable were that cooperatives were open and voluntary and that they were democratically controlled and there was cooperation among cooperatives. These principles ensured that people who were members of cooperatives would also be the main beneficiaries and revenues would stay in the communities. It was worth noting that eight of the top countries with the highest C-to-C trade volume were also among the top 12 countries of the social development index.

Raymond Saner, Director, CSEND & Diplomacy Dialogue, highlighted that available financial, employment and social statistics showed that coops were a critical part of the economy. The data available on cooperatives' share in trade was still quite preliminary. It was necessary to include cooperatives in the discussions on trade development. C-to-C trade was important and existed but data was scarce; beyond some isolated efforts at the company level, better structured and regular data at country and sectoral levels was needed. Cooperatives should be integrated into the WTO statistics by creating a new category of trading organization analogous to the WTO State Trading Enterprise called "Cooperative Trading Organization". Coops could make a contribution to all the three spheres of sustainable development and across sustainable development goals. As the recent discussions at the International Labour Conference indicated, cooperatives were an option for countries with large informal economies.

Questions and comments

Comments made included the following: cooperatives contribute to environmental sustainability; there was a growing presence of cooperatives in the renewable energy field; governance of cooperatives was a challenge; it was important to balance governance and democracy (a paper on this topic would be presented by ICA at its General Assembly in Turkey in November 2015); volatility of prices of products produced by cooperatives (e.g. coffee) was a major challenge for C-to-C trade; the potential of cooperatives was greatly underutilized as there was a general lack of information of cooperative businesses in different parts of the world; and cooperatives can help promote sustainable development if certain conditions are fulfilled such as access to finance, enabling environment, etc.

Conclusion

In order to increase C-to-C trade, it would be necessary not only to link producers and consumers but also to establish a clear value proposition for consumer cooperatives. Fair trade was a movement clearly related to cooperatives and well-recognised as a premium label. Scaling up the Fair Trade “brand” could be one option to support start-up cooperatives to enter the market more successfully. Statistics showed that coops were very important part of the economy. To treat cooperatives as any private enterprises would be misleading and a failure to addressing the growing trend toward “shared economy” or “solidarity economy”. There was a need to integrate cooperatives into the WTO statistics to track this trend which is better aligned to the post-2008 world. This could be done by creating a new category of trading organization analogous to the WTO State Trading Enterprise called “Cooperative Trading Organization”. Cooperatives were very important for the implementation of SDGs and achieving sustainable development.

Side event 22: Motor Vehicle Agreement Among the BBIN Group of Countries: Key Concerns, Challenges and Benefits

Organized by:

CUTS International

Panel:

- **Julien Grollier**, Assistant Programme Officer, CUTS International, Geneva
 - **Marek Retelski**, Head of TIR and Trade Facilitation, International Road Transport Union
 - **William John Gain**, Senior Private Sector Development Specialist on Trade Logistics, Trade and Competitiveness Global Practice, World Bank Group
 - **Mostafa Abid Khan**, Minister at the Permanent Mission of Bangladesh to the United Nations and other International Organizations in Geneva
 - **Yann Duval**, Chief, Trade Facilitation Unit, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
 - **Pranav Kumar**, Head of International Trade Policy, Confederation of Indian Industry
-

On 15 June 2015, the Bangladesh-Bhutan-India-Nepal (BBIN) group of countries signed a sub-regional motor vehicles agreement that had the potential for facilitating easy cargo movement across their borders. It was expected to reduce trade transaction costs significantly and could be an effective tool to realise trade and investment potential. This event discussed the potential benefits of this agreement, as well as key concerns and challenges to be addressed for effective implementation, including through leveraging Aid for Trade.

Overall, panellists expressed high hopes for the agreement and its potential to facilitate trade and streamline movement of goods in the area. Some commended the framework agreement as ground-breaking and provided insightful views on ways to address business concerns and foreseeable implementation challenges. At this stage, questions and concerns still existed on issues such as route earmarking, permits, vehicle registry, minimizing the need for inspection, ensuring flexibility etc. The main challenge identified was the long process for regulatory harmonisation between the four contracting parties, where effective multi-stakeholder consultations would be required.

Among other recommendations, the session identified the need to devise a mutually agreed plan for sequenced implementation, where possible early actions could include agreeing on common standards (e.g. for axle load) and authorized routes.

Presentation

Julien Grollier, Assistant Programme Officer, CUTS International Geneva, highlighted the potential of the **Bangladesh-Bhutan-India-Nepal (BBIN) Motor Vehicle Agreement (MVA)**, for greater regional economic integration in South Asia. Mr Grollier presented some concerns to be addressed during the implementation phase. These pertained to route earmarking, permit issues that could arise, vehicle registry, inspection mechanisms, gaps in capacity, information asymmetry and local political stumbling blocks. He proposed a number of possible solutions which would help reduce business costs, including the adoption of appropriate technologies (GPS, CCTV, e-seals) to minimise the need for inspection. It was also recommended to allow flexibility in changing routes, driver or tractor during the course of a journey, as well as to devise specific arrangements for Less-than-Truck-Load (LTL) shipments.

Marek Retelski, Head of TIR and Trade Facilitation, International Road Transport Union, began by commending the agreement's signing. He spoke of sustained progress and a continued commitment to the agreement. Drawing on his experience with borders and transport, he mentioned some of the challenges commonly faced in operationalizing such international and regional agreements.

William John Gain, Senior Private Sector Development Specialist on Trade Logistics, Trade and Competitiveness Global Practice, World Bank Group, commended the agreement as ground-breaking and a serious move towards development and regional integration. He was appreciative of the participatory process that led to the BBIN MVA, including the transparent collaboration and cooperation between the public and private sector. According to him, the need for sustained collaboration between the public and the private sector, as well as between border agencies, in operationalizing the MVA could not be overstated. He also highlighted the difficult path ahead, explaining that signing the agreement was only the first step of many. In this regard, clearly defined rules and regulations would be key to securing private sector stakeholders' buy-in.

Mostafa Abid Khan, Minister, Permanent Mission of Bangladesh to the United Nations and other International Organizations, Geneva, emphasized the framework nature of the BBIN MVA as well as its broader coverage that included not only cargo

but also passenger and personal transport. He provided practical insights on some foreseeable implementation challenges and needs for harmonization. For instance, Indian roads could be able to support trucks with greater loads than those in Bangladesh. Also, the different sizes and composition of different vehicles begged the question of pan-regional definitions and standardization. Finally, Mr Abid Khan was hopeful that tourism would encourage quicker operationalisation. He concluded by saying that the devil was in the details.

Yann Duval, Chief, Trade Facilitation Unit, Trade and Investment Division, UNESCAP, joined other panellists in calling the signing of the MVA a breakthrough, which was consistent with the UNESCAP Strategic Framework for International Road Transport adopted by Transport Ministers of the Asia-Pacific region in 2013. He noted that securing broad-based stakeholder ownership for the MVA would be critical to ensure its implementation enhanced national welfare. He also pointed to a list of ten international instruments and conventions that could be adopted to support implementation, in addition to the WTO Trade Facilitation Agreement. He made two recommendations: first, any institutional mechanism established as part of the agreement should be placed under the umbrella structure of the National and Sub-regional Trade Facilitation Committees; second, he called for the establishment of a monitoring mechanism, possibly as part of those on trade facilitation being established by the SASEC⁴⁰ nations with support from UNESCAP and the Asian Development Bank.

Pranav Kumar, Head of International Trade Policy, Confederation of Indian Industry, joined other panellists in underscoring the long path ahead with regard to successful implementation. He stressed the need for setting an implementation timeline and highlighted the potential of Aid for Trade in supporting implementation. The Indian private sector was looking forward to implementation of the MVA, which should allow bringing higher quality motor vehicles from India to the three neighbours. The agreement was expected to facilitate further Indian trade with the three members, who already enjoyed duty-free and quota-free access to Indian markets for most goods.

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Questions and Comments

Questions from the audience focused on precedents where similar motor vehicle agreements in other regions which could provide lessons for BBIN countries. The example of the Greater Mekong Subregion Cross-Border Transport Facilitation Agreement was mentioned. However, its success was limited partly due to the extreme complexity of the agreement. In the case of the BBIN, the MVA was a framework Agreement and it was not overly convoluted. Other lessons learnt included the need for principle-based and flexible framework for implementation, as well as the need for not overlooking possible road quality issues, which could prove more of a stumbling block than expected.

Conclusion

The panellists concluded with high hopes for the BBIN Motor Vehicle Agreement, while recommending continued efforts with regard to implementation. As stated by a panellist, “Collaboration must be maintained before and after the ink dries.” The risk for implementation challenges existed in any agreement, but proper involvement from all stakeholders, flexibility and use of pre-existing resources would help to avoid as many hiccups as possible. The need of the hour was to devise a mutually-agreed plan for sequenced implementation, where possible early actions could include agreeing on common standards (e.g. for axle load) and authorized routes.

Side event 23: Discovering Pacific Trade Potential

Organized by:

Enhanced Integrated Framework Secretariat (EIF)

Pacific Islands Forum Secretariat (PIFS)

Permanent Mission of Australia, Geneva

World Trade Organization (WTO)

Due to their remoteness, size, exposure to devastating natural disasters and climate vulnerability, Pacific Island countries – and in particular LDCs – are among the most vulnerable in the world. Aid for Trade can have a positive impact in supporting these countries on their development path, leveraging the region's unique natural and cultural endowment.

This reception – organized by Australia, the Executive Secretariat for the Enhanced Integrated Framework, the PIFS, and the WTO Secretariat – provided Global Review participants with a Pacific Islands' experience that showcased select LDC exports supported through Aid for Trade and offered a taste of Pacific Islands' culture, arts and cuisine.

Side event 24: Managing Non-tariff Measures in Sustainable Development Strategies

Organized by:

United Nations Conference on Trade and Development (UNCTAD)

International Trade Centre (ITC)

World Bank Group (WBG)

World Trade Organization (WTO)

Panel:

- > **Olivier Cadot**, University of Lausanne and Foundation for International Development Study and Research
 - > **Marc Bacchetta**, Senior Counsellor, WTO
 - > **Ralf Peters**, OIC Trade Analysis Branch, UNCTAD
 - > **Marion Jansen**, Chief Economist, ITC
 - > **Jose Guilherme Reis**, Manager, Trade Unit, WBG
-

The session focused on the link between non-tariff measures (NTMs) and sustainable development through trade. The objective was to discuss collaborative work and progress of different institutions in relation to NTMs, in aspects such as trade costs, governance, coherence or convergence.

Part of the discussion related to data availability and progress in the area of data collection. Some assessments using collected NTM data already indicated that NTMs were more important for trade costs than tariffs.

Panellists also shared their views on the need and ways to overcome other potential adverse effects on trade. There were some instruments at the multilateral level, for example, disciplines and dispute settlement mechanisms, especially on trade remedies or trade contingency measures. The role of the SPS and TBT agreements was also fundamental, especially in setting the theoretical principles for appropriate regulation.

At regional level, convergence between countries was considered convenient for lowering trade compliance costs, improving private companies' competitiveness, through harmonization and mutual recognition of NTMs. At the same time, unilaterally, countries could improve their performance by assuring coherence in their policy choices to attain desired development objectives.

Presentation

Olivier Cadot, Senior Research Fellow, Foundation for International Development Study and Research Director, Institut d'Economie Appliquée, suggested that the fear that NTMs used as protectionist policies had not widely materialized. Instead, there was a concrete risk of spill-over of one measure taken on another area not related to the objective it was designed to attain. National policy making played a key role. Regulatory supervisory bodies within a country or a region could perform the role of explicit coordination to address this risk or offer conflict resolution and coordination mechanism. Presently, the closest institutional bodies were the NTM Committees to be set up through the WTO Trade Facilitation Agreement (TFA).

Marc Bacchetta, Senior Counsellor, Economic Research and Statistics Division, WTO, stated that there was room for international management and cooperation in the area of NTMs. Regional arrangements may have had an impact on third countries and this was the main reason why regulatory convergence and alignment at the multilateral level was needed. The agreements on SPS and TBT were useful, but probably not enough. Some members were ready to discuss some of the other issues related to market access. In the area of data availability, the 2012 WTO World Trade Report had reviewed extensively the types of data, existing sources and coverage in terms of countries and subjects. Data on NTMs was definitively not a given. Besides WTO Notifications, there was active collection of official measures done by UNCTAD; coverage that was expanding, especially in the areas of SPS and TBT. There were also ITC surveys to trading companies which complemented this information to offer a different perspective and included concerns in respect of procedural obstacles. There was also the Global Trade Alert, monitoring policies that affect world trade. Data for some measures such as subsidies were currently not available. The purpose of collecting data was to support analysis that would lead to informed decisions on trade policies, including NTMs. The effects of NTM were well understood, but not documented, since this needed to be based on solid data analysis. This area was again not fully established, as modelling it was not straightforward. The numerous studies coming out recently contributed to expanding this area of knowledge.

Ralf Peters, OIC Trade Analysis Branch, UNCTAD, highlighted data that was collected and available in the UNCTAD TRAINS database and used, for example, for the estimation of ad valorem equivalents, which indicated that the effect of NTMs was much larger than tariffs. The effect on exports from LDCs was assessed to be even more significant. Still, NTM were not just impeding trade, but contributed to policy objectives much linked to sustainable development. There was a close link between the two, and Aid for Trade could help countries to use NTMs to attain their development objectives. Transparency was the first step towards facilitating compliance for requirements in export markets. UNCTAD and its partners was planning to have by the end of this year data on official measures of NTM countries accounting for 90% of world trade. The data was also used for supporting regional integration, for example through facilitating regional convergence. As a future step, ex-ante cooperation could help countries implement their regulation in a way that met the stated objectives but did not hamper trade, especially considering that most developing countries were expected to catch up with regulations

Marion Jansen, Chief Economist, ITC, stated that SMEs were less productive than large enterprises, and half of them were affected by NTM in trade. The work of ITC in this area was summarized in four steps. Access to information was again stated as a starting point for supporting these companies the enhance competitiveness. Firms were supported to enhance their capacity level to meet regulatory and standard related requirements. At the country level, there was a need to provide technical infrastructure to assess conformity to those requirements. At the border, trade facilitation worked to ease procedural obstacles for more efficient cross-border procedures, especially through simplified documents and procedures and enhanced predictability. It was stressed that private standards could pose a problems to exporters and ITC offered a tool to search for extensive information in this area.

Jose Guilherme Reis, Manager, Trade Unit, WBG, recommended that national governments streamline their NTM regulations to ensure coherence and reduce unwanted side effects. The Bank had developed a tool kit for this purpose and supported the fact that NTM were necessary to accomplish domestic safety and development objectives, and so the analysis had to be done case by case to improve regulatory governance and target policy advice.

The approach should not be confrontational among public and private sectors, since NTM could improve competitiveness.

Discussion

There was agreement that NTM were not set mainly for protectionism, but for other objectives, for example related to safety and to attain other development objectives. It was also explained that the term Regulatory Coherence referred to policy design within a country, so that there were no conflicting regulations put in place, while Policy Convergence referred to negotiation among two or more countries to align their policies, mainly through mutual recognition or harmonization. Negotiation in this area was more complex than in the case of tariffs, since it is not a price but, for example, which method was chosen to eliminate pathogens in food, or which approach to take in determining authorized ingredients. NTM Data indicated in which areas countries had more differences, so as to focus discussion to those areas. It was stated that mutual recognition in conformity assessment could bring substantial reduction in compliance costs, and this seemed promising for AfT work. It was also mentioned that competition issues could be raised in some cases, if any regulation created a monopoly *de facto*. This issue was being considered by some institutions.

Side event 25: Transforming Border Bottlenecks into Global Gateways – OECD Tools to support Trade Facilitation

Organized by:

Organisation for Economic Co-operation and Development (OECD)

Panel:

- › **Evdokia Moise**, Senior Trade Policy Analyst, OECD
 - › **Valérie Thielemans**, Senior Statistical Data Management Officer, OECD
 - › **Steven Pope**, Head of Customs and Regulatory Affairs Europe, DHL
 - › **Gabriel Duque**, Ambassador, Permanent Representative to the WTO, Colombia
 - › **Elizabeth Santucci**, **Office of Trade and Regulatory Reform**, United States Agency for International Development
-

The objective of the event was to present the analytical and benchmarking tools developed by the OECD to support the implementation of trade facilitation and, drawing on the findings of those tools to discuss the impact of trade facilitation on trade costs and the contribution of the donor community in supporting trade facilitation.

The presentations illustrated the various uses of the tools for countries that seek to formulate their implementation action plans as regards the WTO Trade Facilitation Agreement (TFA) and secure appropriate technical assistance and capacity building support. Discussions and questions from the floor focussed mainly on the methods used by the OECD to ensure the accuracy, relevance, timeliness and robustness of the collected data and analysis undertaken; the capacity of the underlying databases to reflect not only applicable regulations but also practice on the ground and to monitor actual performance as opposed to perception; scheduled updates of the data; and possibilities to incorporate user's feedback to further improve the relevance and effectiveness of the tools for policy makers, donors and researchers alike.

Presentation

Evdokia Moise, Senior Trade Policy Analyst, and Valérie Thielemans, Senior Statistical Data Management Officer, OECD, introduced the Trade Facilitation Indicators (TFI) and the Policy Simulation tool. Three tools had been developed: the “Compare your Country on Trade Facilitation”⁴¹; the TF Policy Simulator⁴²; and the Aid for Trade Facilitation Interactive Database⁴³. The aim of the tools was to help countries prioritise trade facilitation actions, mobilise technical assistance and capacity-building efforts in a more targeted way and identify available development assistance. Data was collected on a three-layer basis: data from the OECD, data coming from the private sector and data coming from (currently) 152 governments (soon 163).

Steven Pope, Head of Customs and Regulatory Affairs Europe, DHL, highlighted the impact of effective trade facilitation actions for supporting and promoting economic activity and shaping firms’ location and sourcing decisions.

Gabriel Duque, Ambassador, Permanent Representative to the WTO, Colombia, showcased the trade facilitation progress achieved by his country in recent years and how OECD TF tools were helping Colombia identify and address remain challenges.

Elizabeth Santucci, Office of Trade and Regulatory Reform, United States Agency for International Development, stressed the importance of reliable measurement and monitoring mechanisms, such as the OECD TF interactive tools, in informing and strengthening policy decisions.

Discussion

Participants from the private sector offered further data inputs from the business perspective to enrich the reflection of trade facilitation practices on the ground. Other participants inquired how discrepancies between government inputs and private sector feedback were reconciled in the TFI data. The audience discussed the three-layered process for fact-checking the data and ensuring

that possible errors could be rectified by concerned administrations. Participants also discussed the coverage of performance of border authorities other than customs and the possibility to benchmark best practices and highlight challenges at the regional level. Finally participants enquired about the possibility to further deepen and adjust the information contained in the tools for diagnostic and policy formulation needs. Lastly, the OECD Secretariat invited feedback on the relevance and user-friendliness of the tools and suggestions for future improvement.

⁴¹ <http://www.compareyourcountry.org/trade-facilitation>

⁴² <http://oecd/tfi-sim>

⁴³ https://public.tableau.com/views/AFTFacilitation/Byaidprovider?:embed=y&:showTabs=y&:display_count=no&:showVizHome=no#1

Side event 26: Sequencing Reforms and Gearing up for Ratification of the Trade Facilitation Agreement

Organized by:

World Bank Group (WBG)

Opening Remarks:

- › [Anabel González](#), Senior Director, Trade and Competitiveness Global Practice, WBG
- › [Xiaozhun Yi](#), Deputy Director General, World Trade Organization (WTO)
- › [Esteban Conejos](#), Chair of the Preparatory Committee on Trade Facilitation

Moderator:

- › [Klaus Tilmes](#), Director, Trade Competitiveness Global Practice, WBG

Panel:

- › [William Gain](#), Global Product Specialist, Trade Competitiveness Global Practice, WBG
 - › [Gerard McLinden](#), Lead Specialist, Trade and Competitiveness Global Practice, WBG
 - › [Sheri Rosenow](#), Senior Counsellor, WTO
-

The objective of this event was to share best practices in reform design, sequencing and implementation to improve alignment with the Trade Facilitation Agreement (TFA).

Presentation

Anabel González, Senior Director, Trade and Competitiveness Global Practice, WBG, opened the side event. In her presentation, she underlined the political momentum for trade facilitation reform and that Members needed to build on this momentum. She referred to recent studies and empirical evidence that pointed to the significant impact of trade facilitation reforms on a country's GDP, trade flows, and welfare, and noted that for every 1% reduction in global trade costs, global income rose by US\$40 billion. She said that trade facilitation provided a boost to trade by reducing costs and delays for traders through measures that provided for predictability, simplicity, transparency and uniformity in customs and other border procedures.

Xiaozhun Yi, Deputy Director-General, WTO, urged Members to ensure that the TFA entered into force. He noted that two-thirds of Members had to ratify the TFA before it would enter into force. He observed that the previously multilateral and Geneva-based TFA processes had now shifted to Members' capitals and was being subjected to stakeholder scrutiny. He requested Members to share best practices to overcome implementation challenges. In this regard, he emphasised the importance of support from development partners such as the World Bank and noted that the WTO would continue to play a "coherence" role.

Esteban Conejos, Ambassador, Permanent Representative to the WTO, Philippines, and Chair of the Preparatory Committee on Trade Facilitation, presented the historical background of the TFA and requested Members not to lose sight of the TFA's positive aspects. He reported that many countries were expected to ratify the Agreement before the 10th Ministerial Conference.

World Bank Group staff presented the **Trade Facilitation Support Program (TFSP)**, managed by the WBG, which provides support for developing countries seeking assistance in aligning their trade practices with the TFA. The TFSP helps developing countries implement trade facilitation reforms aimed at improving trade systems, services and practices, potentially leading to increased trade, investment, job creation, and private sector competitiveness. Areas of TFSP intervention and technical assistance include: (i) assistance to schedule commitments and implementation timelines; (ii) review and validation of self-assessments and identification of reform gaps;

(iii) support and strengthening of National Trade Facilitation Committees'; (iv) review and drafting of trade laws and implementation of regulations to ensure alignment with the TFA; (v) streamlining and harmonization of trade procedures and documents to reduce time and costs to trade; (vi) improvement of transparency and accountability measures of trade practice; (vii) fostering partnerships between public and private sectors to catalyse trade facilitation reforms; (viii) integration of risk based management systems and other contemporary border management into approaches into border inspections and clearance processes; (ix) review of interagency coordination and design of institutional capacity building plans; and (x) support of regional solutions to facilitate the recognition of agreed standards for goods crossing borders and support to the design and implementation of automated systems.

Sheri Rosenow, Senior Counsellor, Market Access Division, WTO, gave an overview of the WTO Trade Facilitation Agreement Facility (TFAF or the Facility). The TFAF had been created at the request of developing countries and LDCs to help ensure that these countries received the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the Agreement by all Members. The Facility had been formally launched on 22 July 2014 by WTO Director-General Roberto Azevêdo and had become operational on 27 November 2014. The TFAF would support developing and LDC Members to assess their specific needs and to identify possible development partners to help them meet those needs. This would be achieved by, *inter alia*: assisting Members in the preparation of their notification of special and differential treatment categories; developing and delivering assistance and support for capacity building, with a view to ensuring that WTO Members fully understood the Agreement; supporting developing and LDC Members to access available implementation assistance from regional and multilateral agencies, bilateral donors and other stakeholders that offered a broad range of different programs; where no other funding source was available, offering either project preparation grants or project implementation grants to developing and LDC Members notifying Category C commitments.

Presentations of findings from country self-assessments and validation missions were provided by the delegations of Zambia, Sri Lanka, Bangladesh, and Rwanda. Most of these countries had completed

their self-assessments and had carried out the gap analysis of TFA implementation requirements. All delegations reported that they had completed the categorisation and validation of Category A, B, and C measures, had notified Category A measures, and had established National Trade Facilitation Committees.

The management of the ratification process in the respective countries was noted as the main challenge as far as next steps were concerned. Other challenges included, *inter alia*, change management issues, border agency cooperation and coordination; establishment of enquiry points; capacity building among stakeholders; completing gap analyses; developing national trade information portals; establishment of single window steering committees; revision of legal frameworks; incorporating private sector in Trade Facilitation Committees; agreeing on priorities for national reform; and bringing on board other border management agencies; lack of clear understanding of the legal implication of the TFA; multiple interpretation of the TFA; and lack of general awareness of procedures among traders and excessive manual processes. The four delegations, however, reported on progress made in the reform and modernization processes of their respective Customs Authorities.

Questions and comments

Panellists were asked why in the TFA there were “best endeavour” and “legally binding” provisions. In response, it was indicated that this was to give members flexibility in the implementation of some TFA provisions, particularly those where funding would not be forthcoming. It was also proposed that a regional approach should be pursued in implementation of some of the TFA provisions in order to promote harmonization and coordination.

Conclusion

The WBG will continue to support all efforts at all levels (public and private) to support countries in full and effective implementation of the TFA. The need for continued dialogue and communication among stakeholders on trade facilitation issues was also underlined.

Side event 27: Aid for Trade in Support of Sustainable Development Goals

Organized by:

Permanent Mission of Canada, Geneva

International Centre for Trade and Sustainable Development (ICTSD)

Opening remarks:

- › [Ricardo Melendez-Ortiz](#), Chief Executive, ICTSD
 - › [Alice Tipping](#), Senior Programme Officer, ICTSD
-

Panel:

- › [Liesbeth Casier](#), Researcher, International Institute for Sustainable Development
 - › [Patrick Kanyimbo](#), Principal Regional Integration Expert, Regional Integration and Trade Division, African Development Bank
 - › [Vicki Poole](#), First Secretary, Permanent Mission of New Zealand to the OECD, Paris
 - › [Amadou Tall](#), Senior Fish and Fishery Products Consultant
 - › [Stephen Yeobah](#), Research Fellow, Africa Progress Panel
-

The objective of the event was to highlight the need for a coherent and comprehensive sustainable development approach to Aid-for-Trade (AfT) strategy and planning, and to demonstrate ways in which AfT could support the achievement of the Sustainable Development Goals (SDGs). The session generally illuminated the links between trade, the SDGs, and various sectors where AfT could play a major role in supporting sustainable development.

First, an overview of the proposed SDGs set the stage and provided participants with an understanding of the expected new development agenda. Goals two, seven, eight, fourteen, and seventeen were highlighted as examples where AfT could make a contribution. Second, panellists provided specific examples of how AfT had supported trade facilitation and infrastructure projects in Africa and the Pacific that contributed to food security and access to sustainable and affordable energy. The significant energy gap in Africa was a major obstacle for economic development including trade expansion – and a number of recommendations, including around trade and investment, were provided. Third, a practical guide was presented on how environmental considerations could be further integrated into AfT projects and initiatives. Lastly, guidance and concrete examples on how AfT projects could be screened to ensure that they were sustainable from both an environmental and social perspective were provided.

Presentation

Ricardo Melendez-Ortiz, Chief Executive, ICTSD, opened the session and introduced the linkages between trade and the post-2015 development agenda and how trade could be brought into play in support of the SDGs.

Alice Tipping, Senior Programme Officer, ICTSD, opened the discussion and highlighted that trade was directly and indirectly relevant to all 17 SDGs, of which four she made specific reference. SDG Goal 2 aimed to end hunger, achieve food security and improve nutrition and promote sustainable agriculture. It reflected the importance of well-functioning markets, trade policies, reduction of price volatility and having access to food all year round. SDG Goal 8 aimed to ensure access to affordable, reliable and modern energy for all. In this context, AfT initiatives including the need to enhance international cooperation and the promotion of investment infrastructure were relevant. Goal 8 specifically referred to how trade could help to promote sustained, inclusive and economic growth, full productive employment and decent work for all. SDG Goal 14, which sought to conserve and sustainably use the oceans, seas and marine resources for sustainable development, could also be achieved through trade and trade policies. For instance, Ms Tipping provided the example of how fishery subsidies can help combat overfishing. She emphasised that AfT initiatives could also help respond to climate change. Lastly, SDG Goal 17, which sought to strengthen the means of implementation and revitalize the global partnership for sustainable development, could be achieved through an equitable rules based system.

Amadou Tall, Senior fish and Fishery Products Consultant, highlighted the importance of fisheries in attaining the goal on ending hunger and underscored that Aid for Trade had a substantial role to play in ensuring food security. He focused on the role of fish to food security and its importance particularly in small-island developing states (SIDS) and Sub-Saharan Africa. In 2013, fish contributed to US\$134 billion of global trade. He highlighted the difficulties of trading fish in Africa and the importance of programmes such as the EU ACP Programme to provide opportunities for countries to enter the global market. He raised the issue of population growth and the increasing demand for fish that could not be met with the current infrastructure and capacity in fishery management.

Aid for Trade could contribute to improvements in infrastructure, trade facilitation, compliance with SPS standards and improvements in the cool chain to reduce loss and thus reduce prices.

Vicki Poole, First Secretary, Permanent Mission of New Zealand to the OECD, addressed the transition underway among SIDS in the Pacific towards renewable energy and highlighted how New Zealand was supporting these efforts and would continue going forward. She discussed how New Zealand was a great supporter of Aid for Trade and that 40% of their New Zealand's official development assistance was AfT-related. She focused on specific renewable energy projects currently taking place and ways in which trade could be linked with renewable energy. New Zealand's 2015-2018 strategy addressed this issue, particularly in the Pacific region.

Stephen Yeobah, Research Fellow, Africa Progress Panel, presented the recent report published by the Africa Progress Panel: People, Planet, Power that focused on Africa's efforts to build climate resilient practices and provide clean energy opportunities. He discussed Africa's endowment in energy resources, including oil, gas, geothermal, solar and wind, and contrasted it with the fact that 600 million Africans were lacking access to energy. He recommended cross border trade in electricity since only 5% of energy was traded across borders in Africa. Furthermore he mentioned how governments were now adopting more ambitious targets with far reaching reforms to change energy dynamics. However challenges still remained with illicit financial flows and corruption. He emphasized the importance of acting collectively to combat corruption and to advance transparency.

Liesbeth Casier, Researcher, International Institute for Sustainable Development, discussed the notion of how and why environmental considerations should be integrated into Aid for Trade and should contribute to the achievement of the SDGs. She recommended practical measures where Aid for Trade could help sustainability in the sectors of agriculture, energy, infrastructure, transport, and tourism. Aid for Trade was not an end in itself but rather could serve as a driver for a greener economy. Aid for Trade should avoid negative effects such as overfishing, deforestation, or bad land-use. Existing concrete tools included using strategic environmental assessments (SEAs), increasing market access, and fostering cleaner production. SEAs should be done early in the planning phase, not as an add-on, to

identify environmental and social consequences of various options, so that informed decision-makers would choose the best, most sustainable ones.

Patrick Kanyimbo, Principal Regional Integration Expert, Regional Integration and Trade Division, African Development Bank (AfDB), provided examples of the AfDB's AfT projects that aligned with the SDGs. Social, gender, and environmental standards and processes of the Bank were applied to project screening and implementation. Specifically, the AfDB had projects in progress focused on SDG Goal 2, Goal 5, and Goal 12. He presented the Bank's project cycle and its two overarching goals: inclusive growth and transitioning to green growth. He noted that Canada had provided US\$15 million in AfT funds to the Africa Trade Fund.

Questions and Comments

Several comments were made about better understanding Aid for Trade in the development of trade policies to focus more on sustainable development. One challenge identified was to promote sustainability without imposing new non-tariff barriers that could risk access to markets and increase costs. Another concern expressed was policy coherence and specifically the need for trade officials to understand the SDGs.

Conclusion

The goal of the session was well-achieved: participants took away a better understanding of Aid for Trade and its relationship to achieving the SDGs. A number of participants complimented the coherence of the session itself, and indicated that they would reach out to other parts of government/development cooperation agency to improve coherence and mutual supportiveness between Aid for Trade and efforts to achieve SDGs and targets.

Side event 28: Barriers Facing Women Traders in Africa: What are They and How could Aid for Trade Help in Removing Them?

Organized by:

Permanent Mission of Sweden, Geneva

Moderator:

- › **Daniel Blockert**, Ambassador, Permanent Representative to the WTO, Sweden
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Panel:

- › **Paul Brenton**, Africa Trade Practice Leader, World Bank Group and editor of the volume “Women and Trade in Africa: Realizing the Potential”
 - › **Joakim Reiter**, Deputy Secretary-General, United Nations Conference on Trade and Development
 - › **Marie Ottosson**, Director for International Organisations and Policy Support, Swedish International Development Cooperation Agency
 - › **Dorothy Tembo**, Deputy Executive Director, International Trade Centre
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Women are important players in trade in Africa: they produce products, transport goods across borders, manage and own trading firms or are employed to work in them. However, women's potential in trade is often held back by the many constraints they face, including barriers to trade.

Addressing women as key economic agents has been recognized as “smart economics” by the World Bank, which has recently launched several studies on trade and gender. The World Bank volume “Women and Trade in Africa: Realizing the Potential” demonstrates how women will be essential to Africa's success in exploiting its trade potential, and puts forward a set of recommendations to facilitate the participation of women in trade. On the basis of this volume, a discussion was held on what the opportunities and challenges were facing women in trade and how Aid for Trade (AfT) could contribute to this agenda.

Sida, ITC and UNCTAD participated in this event and shared their experiences on gender, barriers to trade and the role of Aid for Trade. Sida systemically integrates a gender equality perspective and supports several activities to strengthen women as actors. UNCTAD supports its member countries to assess distinct effects of trade and macro-economic policies on men and women, boys and girls, and to integrate gender considerations in negotiations, policy formulation and negotiations. ITC supports women entrepreneurs, especially active in small- and medium-sized enterprises (SMEs).

Paul Brenton, Africa Trade Practice Leader, World Bank Group (WBG), presented a new WBG report on “Women and Trade in Africa: Realizing the Potential”. In his presentation, he discussed ways of overcoming the main barriers that many women entrepreneurs and traders face in Africa, in particular when it came to intra-regional trade. These barriers included lack of transparency and awareness of rules, lack of access to trade information including market prices and demand, as well as poor border conditions. Gender disaggregated data, gender sensitive trade facilitation measures and awareness-raising of risks faced by women were crucial to this work. These issues would be addressed in a new World Bank project focused on small traders in the African Great Lakes region.

Joakim Reiter, Deputy Secretary-General, United Nations Conference on Trade and Development, emphasized that gender-informed policy formulation would be crucial to achieve the Sustainable Development Goals (SDGs). Women represented 70% of the world’s one billion poorest people and were a huge untapped resource. Trade liberalisation was an engine of transformation and could challenge old power structures, many of which were defined by men. However, women were often active in sectors that were affected by structural adjustment. Also, in many development strategies, there was a tendency to stimulate export manufacturing zones and large companies rather than improving the business environment as a whole and focusing on rural areas and SMEs. Therefore, in order to formulate the right policies it was important to know how women were affected by trade liberalisation. The data gap remained a challenge, but gender mainstreaming and a multi stakeholder approach to policy formulation were important.

Dorothy Tembo, Deputy Executive Director, International Trade Centre (ITC), underlined that empowering women meant empowering the community. Women’s involvement in trade had increased and awareness had been raised in the last 15 years but there were still many barriers, especially for women operated SMEs. Many organizations had broad gender frameworks, but these needed to be translated into easily understood steps. An important element in policy formulation was inclusive dialogue coupled with awareness and understanding that we were talking about a heterogeneous group. ITC’s work included market access tools and gender mainstreaming of export strategies. The importance of engaging with partners was underlined and

countries were encouraged to inform ITC of their priorities in the area of trade and gender.

Marie Ottosson, Assistant Director General, Swedish International Development Cooperation Agency, presented the Agency’s strategy on mainstreaming gender equality in development cooperation. Gender analysis was always required at country and program level. Thereafter, it could be identified which of the approaches of integration of gender equality, targeted gender activities and gender-aware dialogue that were relevant for the specific program or project. Sida acknowledged that they while they were successful at gender mainstreaming in the social sector, the economic sector lagged behind. However, strategic work was being done on women’s economic empowerment and women traders and had shown that it was important to address this issue in a multidimensional approach. Studies show that women reinvest more in the family and contribute to sustainable development but also that was equally important to involve men.

Questions and comments

The audience brought up questions on how there change on the ground for women traders could be promoted as well as the importance of working across different sectors, e.g. rural development and trade. One intervention asked for increased focus on organic farming where many African women are active.

Conclusion

In order to reduce trade barriers for women entrepreneurs – with benefits at individual, community and national level – gender mainstreaming at all levels was important, as well as taking the step from a broad gender framework to concrete action. While there had been progress it did not mean that we were close to where we want to be. To move forward with this agenda, it was suggested that it would be interesting to see gender as a theme at the next Global Review of Aid for Trade.



WORLD TRADE
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FIFTH GLOBAL REVIEW OF AID FOR TRADE

Reducing Trade Costs for Inclusive,
Sustainable Growth

30 June – 2 July 2015



Summary Report

