Developing countries: trade-related assistance

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PURPOSE : to agree a plan to boost developing countries' capacity to benefit from trade. CONTENT : looking to build on the foundations laid in Doha, Monterrey and Johannesburg, the European Commission adopted an action plan to boost developing countries' efforts to capture the benefits of trade. The Communication sets out the importance of the relationship between development, trade and the integration of developing countries into the world economy. It concludes with a series of practical ways in which the European Union intends to support the developing world in its efforts to gain more from the world trading system, including adjustment of funding for trade related assistance as necessary, in agreement with partner countries. The Commission plan ranges from measures aimed at improving the delivery of trade related assistance in key areas to ideas for better co-ordination and policy coherence within the EU and with international organisations. Overall, the measures should help developing countries, and in particular the least developed countries, acquire institutional regulatory capacity, and the expertise to deal with the technicalities of trading in a global system. At the same time, the Commission stresses the importance for developing countries to improve the investment climate for the business sector and to ensure poor people can fully benefit from trade. CONTEXT : in those countries or regions in which trade has not received appropriate attention, the mid-term review of the strategies, which will be launched starting in 2003 will seek to ensure that trade issues are properly addressed and adequately funded. In the meantime, the Commission will identify additional measures to complement trade capacity building activities already under way, so as to enable if needed a rapid scaling up of assistance in this area following the CSPs and RSPs mid-term reviews. Eligible activities would cover support in different areas from developing products other countries want to import, to making it easier for traders to take advantage of the opportunities offered by the multilateral trading system for instance, meeting international technical and phytosanitary standards, dealing with certification, customs administration and processes, and protecting intellectual property rights. Assistance would also be channelled towards capacity-building: i.e. training officials, equipping negotiators with the knowledge and skills to enable them to be effective in international negotiations, in the World Trade Organisation (WTO) and elsewhere. The EU will pay particular attention to providing adequate assistance to poorest countries. The European Union will co-operate closely with other players in the international community (eg, the WTO and other international agencies) in developing, funding and making available appropriate training. It would aim to make sure the resources and expertise available in different locations are identified and coordinated, and made available to all countries which would benefit. Some programmes would be directed at regions, rather than specific countries. Countries which are not yet members of the WTO will be eligible for assistance to help them in the accession negotiations, and eventually to join. The Commission will draw up a review of the EU's trade-relatedassistance by the end of 2005. Over the past five years, the EU has already spent about EUR640 million on 117 operations classified as trade-related assistance. About 70 percent of this is trade development and support for the private sector, and 30 percent is technical assistance and capacity-building. Around 60 percent of EU assistance was aimed at regional projects and the programs are often linked to new trade agreements with the EU. Over 60 percent of this was earmarked for African, Caribbean and Pacific countries. Recent and forthcoming trade-related assistance programmes include: - African, Caribbean, Pacific Countries: Pesticide programme to improve competitiveness of horticultural sector (EUR29 million); - Assistance to fish exporters to help them meet international health standards (EUR45 million); - Egypt: trade enhancement programme (EUR 60 million); - Mercosur: program for norms and standards (EUR 4 million); - Philippines: WTO related capacity building programme (EUR 2 million); - Support for the WTO Doha Development Agenda Global Trust Fund to train trade negotiators from developing countries (Over 60% of total funding amounting to approximately EUR12 million from EU and Member States). The following is a list of concrete proposals for action : 1) Intensification of dialogue with partner countries : - stronger emphasis on trade issues in the dialogue on Poverty Reduction Strategy Papers (PRSPs); - ensure that funding for this new priority, trade-related assistance, is adjusted as necessary in the review of the Country Strategy Papers and Regional Strategy Papers. 2) Enhanced

effectiveness of EU support : - reinforce trade component in the programming exercise in EU development assistance; - pay particular attention to the least developed countries and other low income countries; - examine the scope for funding horizontal trade-related assistance initiatives, including bilateral, regional and multilateral initiatives; - increase EU ability to design and deliver training programmes for negotiators and administrators, and establish networks in higher education institutions; - provide technical assistance for sustainability impact assessments; - reinforce efforts to improve developing country capacity in the Sanitary and Phytosanitary field. 3) Contributing to international effectiveness : - ensure policy coherence in provision of trade related technical assistance, building on the principles agreed in the Commission Communication on Development in 2000; - review existing mechanisms for co-ordination of Member States, and promote "best practices"; - co-operate more efficiently with other international organisations; - continue to advocate the Integrated Framework for Least Developed Countries, and participate actively in governing bodies of the IF; - encourage Regional Development Banks to pursue trade capacity building; - support the WTO Secretariat on WTO Technical Assistance, and continue to contribute to the DDA Global Trust Fund.