

WITA Academy: WTO Virtual Intensive Trade Seminar

**“Development, Aid for Trade and
Enhanced Integrated Framework”**

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Presentation outline

Part A. Development (Michael)

**Part B. Enhanced Integrated Framework
(Simon)**

Part C. Aid for Trade (Michael)

Part A: Development



Comoros WTO accession package ready for formal adoption at MC13

WTO members negotiating the accession of Comoros on 9 January 2024 agreed by consensus, ad referendum, on the terms of the country's WTO membership, paving the way for the least-developed country (LDC) to join the organization. With the conclusion of the Working Party's mandate, the accession package for Comoros will be submitted to ministers for a formal decision at the WTO's 13th Ministerial Conference (MC13) in Abu Dhabi on 26-29 February.

Members endorse Timor-Leste's WTO accession package, ready for formal adoption in Abu Dhabi

WTO members negotiating the accession of Timor-Leste on 11 January 2024 agreed by consensus, ad referendum, on the terms of the country's WTO membership, paving the way for the least-developed country (LDC) to join the organization. With the conclusion of the Working Party's mandate, the accession package for Timor-Leste will be submitted to ministers for a formal decision at the WTO's 13th Ministerial Conference (MC13) in Abu Dhabi on 26-29 February.

Two accession packages to approve at MC13



22 on-going accession negotiations



GATT 1947: Havana Charter
23 countries



1995: Uruguay Round
128 parties



WTO
164 Members

35 LDC
Members

Majority of
WTO Members
Developing
Countries

Why join WTO?

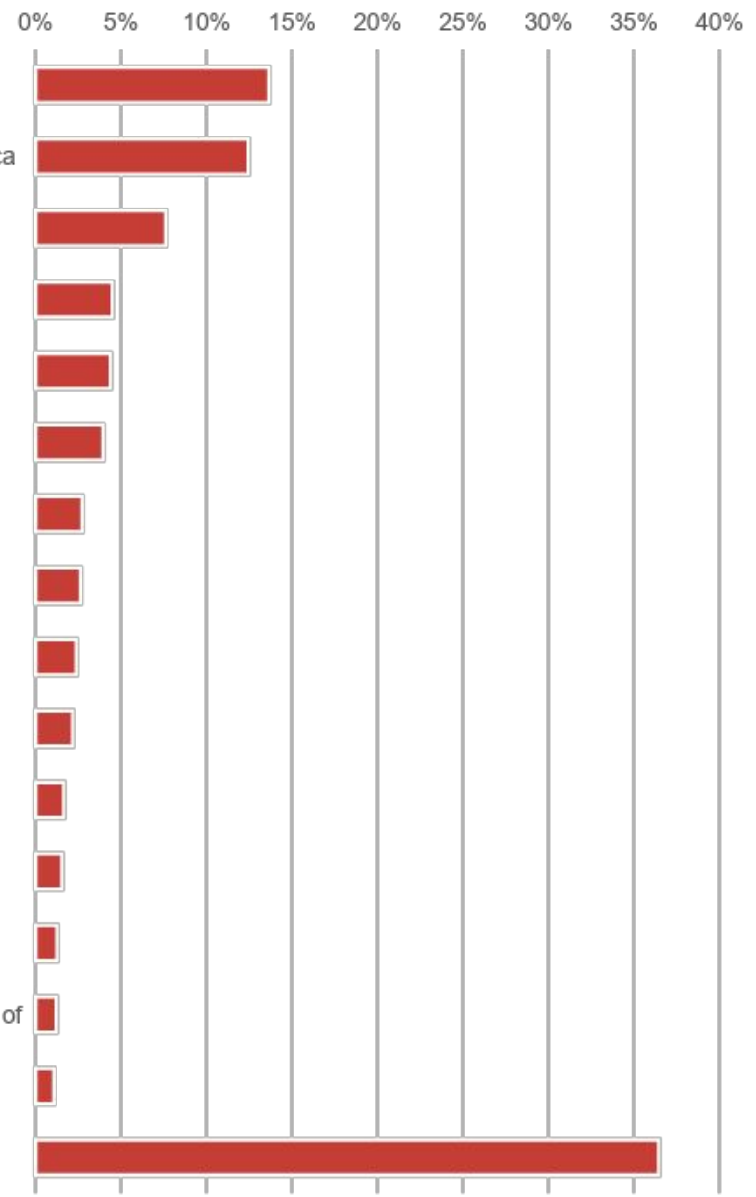
Comoros: Modernization of
public administration

Timor Leste: A vehicle to
accelerate economic
reforms

**“Locking in
domestic reform”**



Export shares in 2000



Export shares in 2022



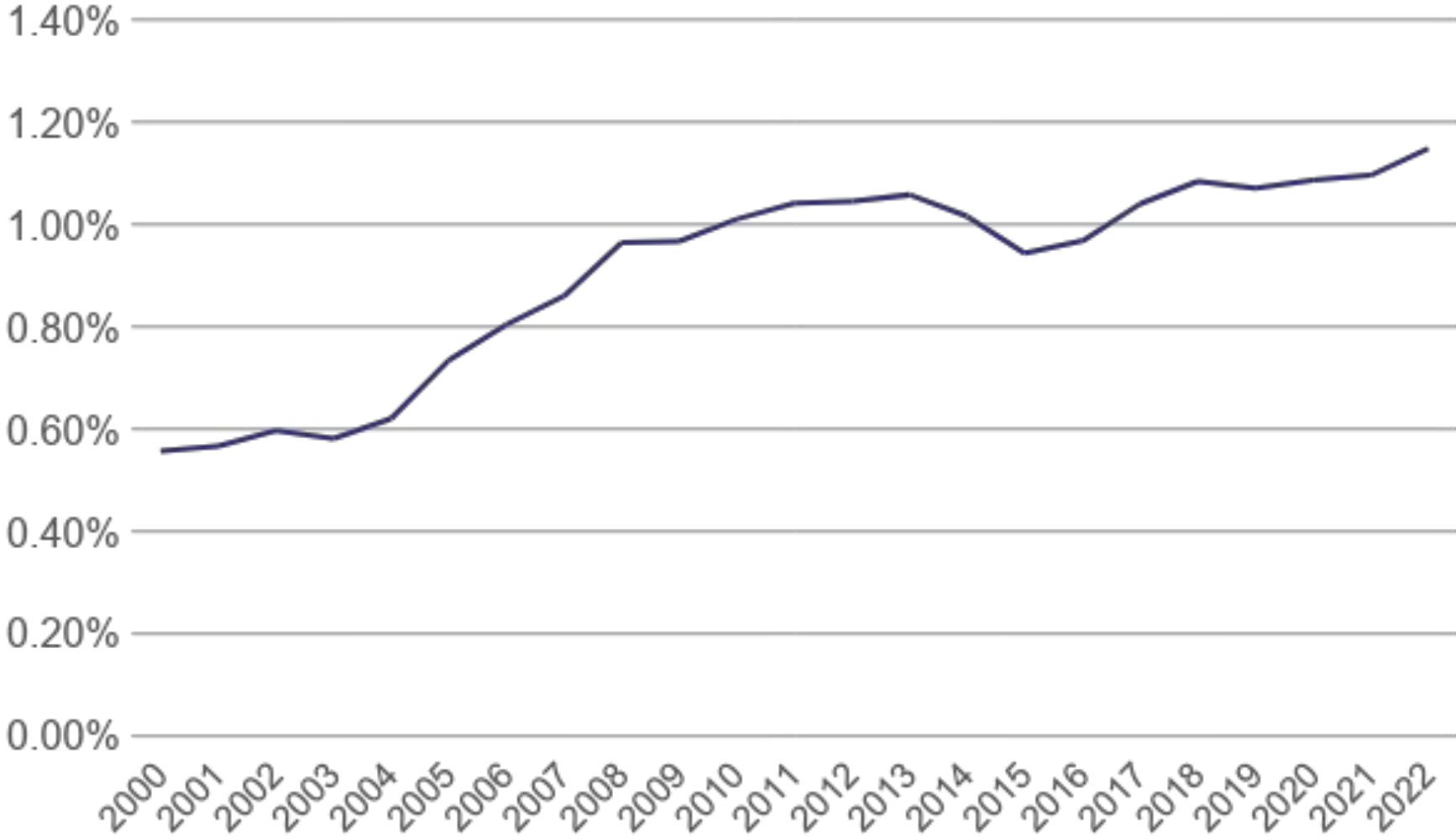
Dynamic changes in global goods' trade

Note: EU trade is only external trade, as share of global exports excl. Hong Kong

LDC participation in global trade: up, but still low



LDC exports as share of global exports



Note: current membership of LDC countries, as share of global exports excl. Hong Kong re-exports

Dynamic changes in how to integrate in global trade



Services:

- Global services exports reached US\$7.2 trillion in 2022.
- Share of services in world trade could reach one-third by 2040.
- Travel and tourism critical sector for many developing countries
- Since 2005, exports of digitally delivered services have more than tripled, far outpacing trade in goods and other services
- In 2022, the value of digitally delivered services reached \$3.82 trillion, or 12% of total global trade



“We say the future of trade is services; it’s digital; it’s green. And it should be inclusive.”

WEF, Davos, Jan 2023

Check out: DDG Ellard [speech](#)

Q. What is the appropriate balance of rights and obligations between Members at different levels of development?



A. No single view among 164 Members

- Differences in outlook on the role trade plays in economic development – and on relative weights of the 3 pillars of sustainable development
- Variations in resource endowments
- Temporal dimension (developing countries trade footprint, 16 LDCs on graduation path)
- Crisis component (COVID-19, Food Security, Inflation, Debt Sustainability)
- Founding Members/ Recently Acceded Members
- Which is best? “Treaty-Embedded Right” vs Case-by-case approach

ABC of Special & Differential Treatment



150+
S&DT
Provisions
Decisions
etc

- Measures to increase trading opportunities for developing countries
- Provisions under which WTO members should safeguard the interests of developing countries
- Flexibility of commitments, of action, and use of policy instruments
- Special provisions for countries in the Least Developed Country (LDC) category
- Longer time periods for implementing Agreements and commitments
- Support to help developing countries implement WTO agreements and participate in WTO work

1979:Enabling
Clause

“Decision on
Differential
and More
Favourable
Treatment,
Reciprocity
and Fuller
Participation of
Developing
Countries



ABC of S&DT



WORLD TRADE ORGANIZATION

- No single approach – agreement specific provisions.
- Differences in approach between goods, services and IP
- Innovations in approach to S&DT (e.g. Trade Facilitation A, B & C)
- More “straightforward” to agree measures for LDCs
- Monitoring mechanism – agreed, but not operational
- Unfinished business (Doha p.44 and ASPs)
- Small Economies Work Programme (UN Programme)
- Research on LLDCs (UN Programme) and

Doha Ministerial Declaration,
20 Nov 2001

Para 44: “We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational.”



Development @ MC13



- How to reflect development dimension in WTO reform ?
- Role of Committee on Trade and Development
- Smooth graduation (Annex I), (Annex II)
 - General Council Decision encourages smooth and sustainable transition period for preference removal
 - On-going discussion on access LDC provisions in 17 WTO Agreements and Decisions
- Agreement specific proposals (focus on 4)
 - SPS + TBT Agreements
 - Balance of Payments provisions (Art VII B GATT)
 - TRIMS Agreement (Art 4 & 5)
 - Transfer of Technology (Art 66.2)
- Development pervades other areas (agriculture, e-commerce, fisheries, etc JSIs... etc)

MC12: “We commit to work towards necessary reform of the WTO. While reaffirming the foundational principles of the WTO, we envision reforms to improve all its functions. The work shall be Member-driven, open, transparent, inclusive, and must address the interests of all Members, including development issues.”.

Part B: Enhanced Integrated Framework

Part C: Aid for Trade

The Aid for Trade Initiative



Mandate:

“Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade”.

Hong Kong Ministerial Declaration, 2005

Aid for Trade is a part of official development assistance (ODA)

Objective:

- helping developing countries, in particular LDCs, to build capacity to benefit from trade opening
- Addresses internal barriers – supply side constraints
- An initiative to promote monitoring, aid effectiveness and accountability

Scope of Aid for Trade

Official Development Assistance targeted at:

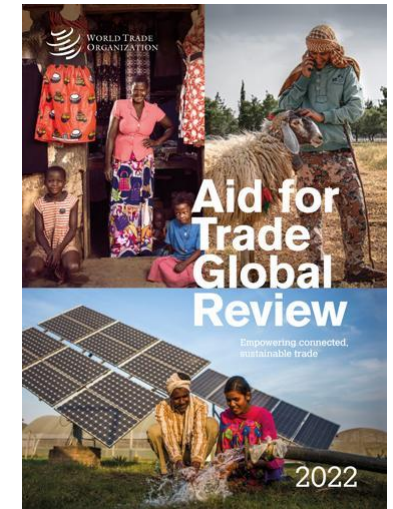


1. Trade policies and regulations
 - Trade policy & administrative management, trade facilitation, regional and multilateral trade negotiations
2. Economic infrastructure
 - Transport and storage, communications, energy generation and supply
3. Building productive capacity
 - Agriculture, forestry, fishing, mineral resources and mining, industry, business services, banking services, tourism
4. Trade-related adjustment.
 - Support to measures that help developing countries to benefit from trade liberalization and deal with transition costs

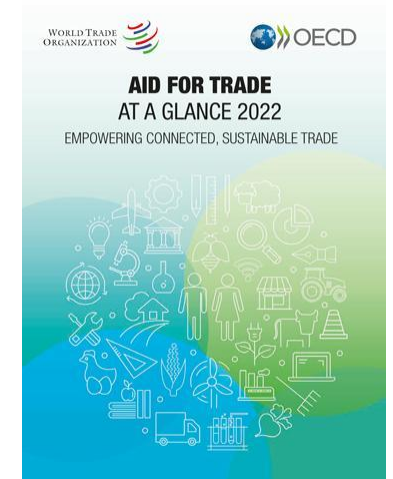
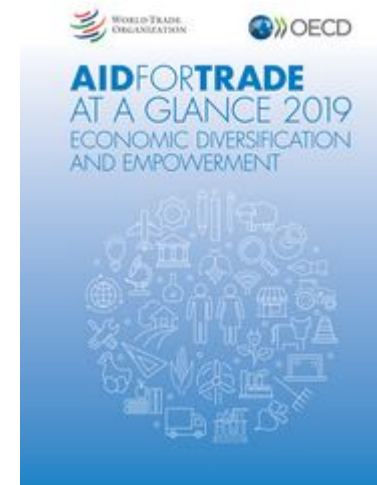
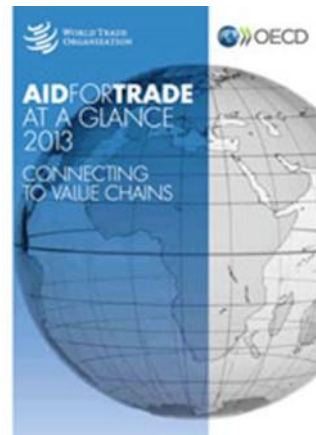
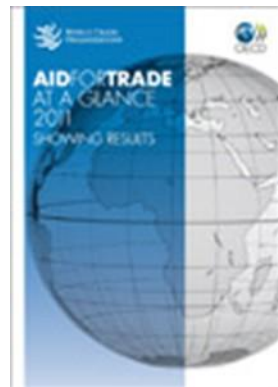
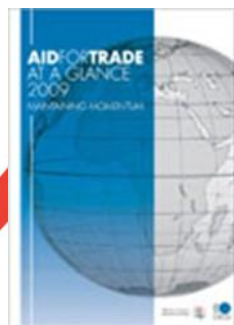
Global Reviews of Aid for Trade



- Underpinned by monitoring and evaluation exercise
- Aid for Trade at a glance report survey financing and needs
- High level plenaries and side events
- Focus on a specific theme
 - 2018-19 Supporting Economic Diversification and Empowerment
 - 2020-22 Empowering Connected Sustainable Trade



200



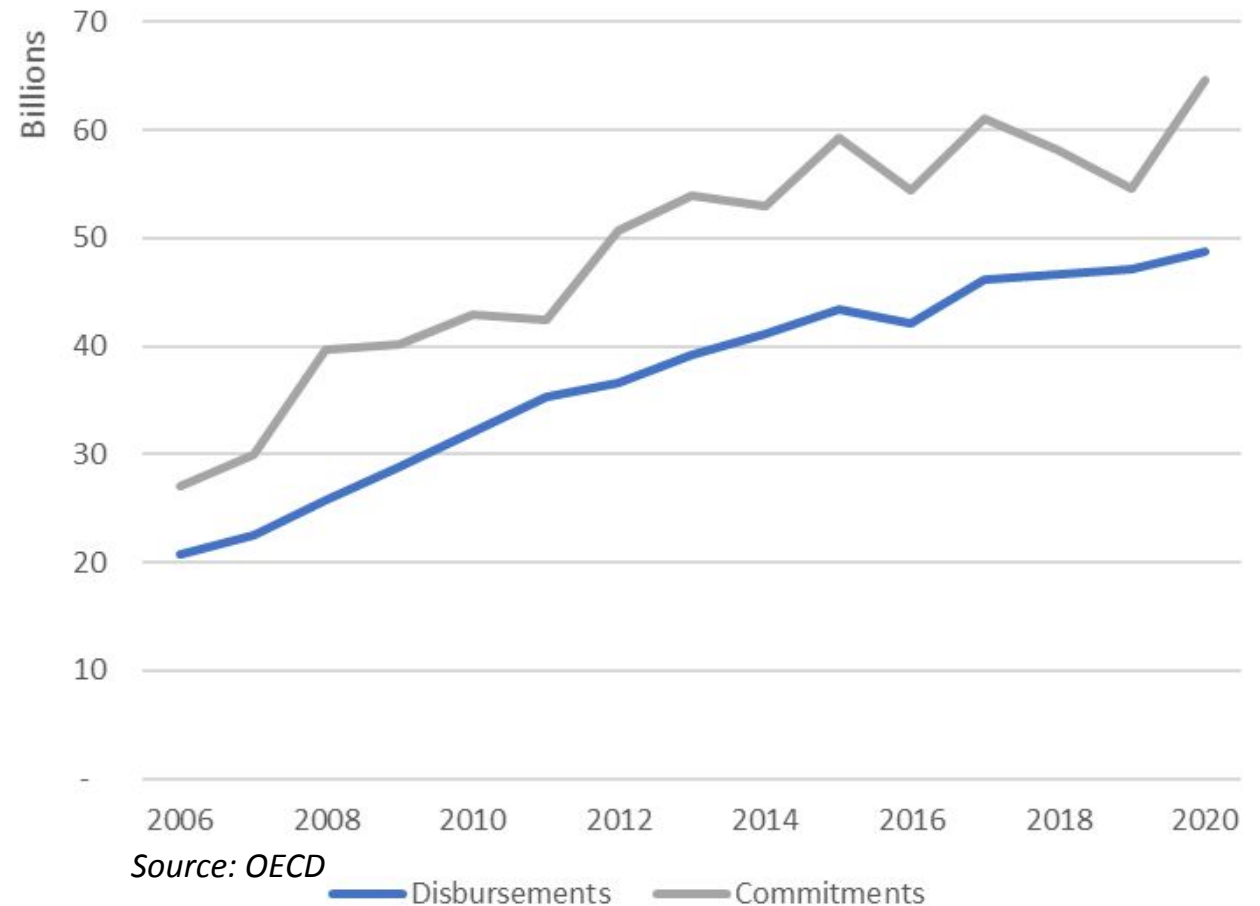
2022

AFT remained a priority throughout the crisis



- AFT disbursements have maintained a steady growth since 2016
- Commitments declined in 2019 but exceeded pre-pandemic levels in 2020
- In 2020, AFT represented 30% of total Official Development Assistance – a share that has remained stable since 2015
- About 7% of AFT commitments were dedicated to COVID-19-related activities

Aid for Trade disbursements and commitments, 2006-2020



Key messages – Joint M&E exercise 2022



- COVID-19 did not lead to a retreat from trade as a development priority
- Priorities: Export diversification, Trade facilitation, E-commerce, MSMEs
- The pandemic gave a digital connectivity boost among low-income countries (+780 million internet users since 2019), but also highlighted the constraints to realizing the trade and development potential of e-commerce.
- Progress is being made in mainstreaming the environment into national development strategies, with climate concerns as the main driver.
- Good progress in integrating women's economic empowerment into policy and programming. More work needed on impact assessment.

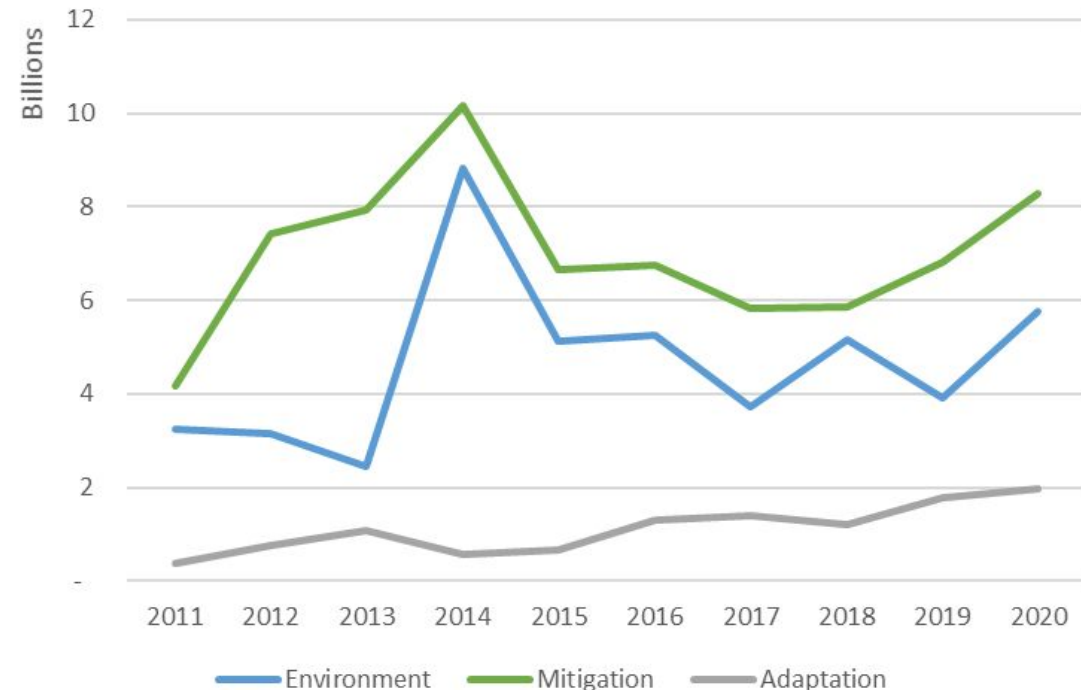
[Download link](#)

A growing focus on sustainability



- Projects with a primary objective to promote environmental sustainability are on the rise, but commitments remain below 2015 levels
- Projects overwhelmingly focus on climate mitigation
- Nearly 70% of projects targeting the environment focus on energy (36%), agriculture, forestry and fishing (34%)
- Climate mitigation projects focus on energy (40%), transport (34%), and banking and financial services (15%)
- Adaptation projects are largely concentrated in agriculture (68%)

Projects from bilateral donors with a focus on environment and climate change, commitments, 2011-2020 (USD bn)

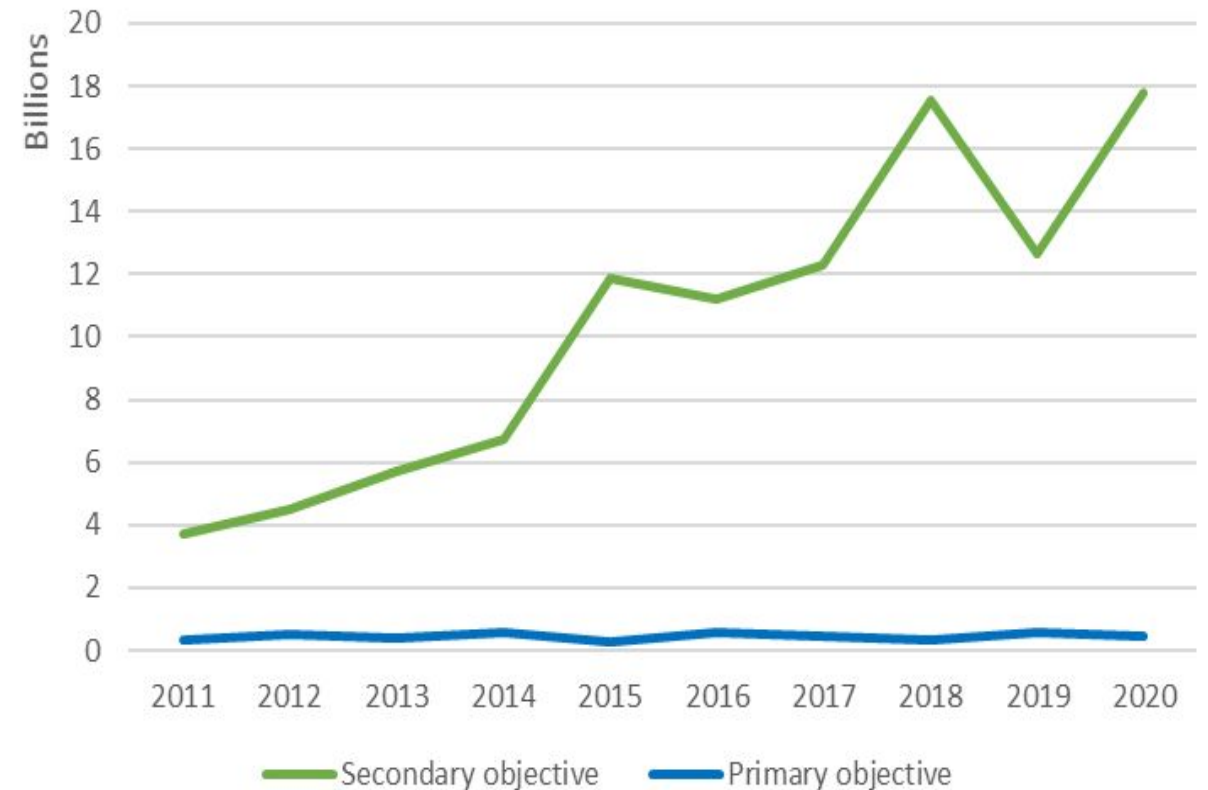


Gender is increasingly mainstreamed in AFT projects



- Projects with a primary objective to promote gender equality are stable
- Projects with a significant objective to promote gender equality are increasing
- In 2020, almost 90% of projects targeting gender equality focused on building productive capacity
- Within those, 33% are in the agriculture sector, 27% in industry, 24% in banking and financial services
- More than half of projects that target environmental objectives also have a focus on gender

Projects from bilateral donors with a primary and secondary focus on gender, commitments, 2011-2020 (USD bn)



WTO's work on trade and gender



- **Trade and Gender in the WTO**

- Buenos Aires Declaration on Women and Trade 2017
- Informal Working Group on Trade and Gender est. 2020
- Further Declaration at MC13 by IWG Members

- **4 work pillars:**

- Experience sharing in gender-responsive policymaking and disaggregated data
- Review of analytical work
- Integrating gender in Aid for Trade programmes
- Mainstreaming gender in the WTO

- **WTO Trade and Gender Office** (*May 2022*)

- Research: WTO Gender Research Hub (May 2021) – network of 45 experts
- Capacity building: Trade & Gender 360° Strategy
- TA for government officials
- Trade and Gender Policy tools
- 2nd Action Plan on Trade and Gender

2023-2024 A4T Work Programme



“Partnerships for digital connectivity, food security and mainstreaming trade”.

Aid for Trade Global Review: 26-28 June 2024

Underpinned by an (on-going) M&E exercise.

100+ responses from developing countries, donors, RECs and south-south partners



Summing up



- Narrative around trade and development is changing
- Special & Differential Treatment remains critical
- No one single approach to S&DT, but many common elements
- Willingness to innovate, but article-by-article or case-by-case?
- MC13 will discuss new issues (smooth LDC graduation) and longstanding issues (ASPs) all in the context of WTO reform
- Pressing need to address LDCs issues (policy and financing)
- Pandemic has stirred renewed interest in technology transfer
- Global Review of Aid for Trade (26-28 June 2024)
- Looking ahead: Progress on 2030 Agenda and the SDGs?

Additional information - hyperlinks



- Accessions: [Comoros](#), [Timor Leste](#)
- S&D provisions in WTO Agreements: [Secretariat note](#)
- Graduating from LDC status [webpage](#)
- WTO Trade and Development [webpage](#)
- Small economies work programme for [Ministerial Decision at MC13](#)
- Monitoring Mechanism on S&D ([WT/MIN\(13\)/45](#))
- Aid for Trade: Empowering Connected, Sustainable Trade [webpage](#)
- Enhanced Integrated Framework [website](#)

Additional slides

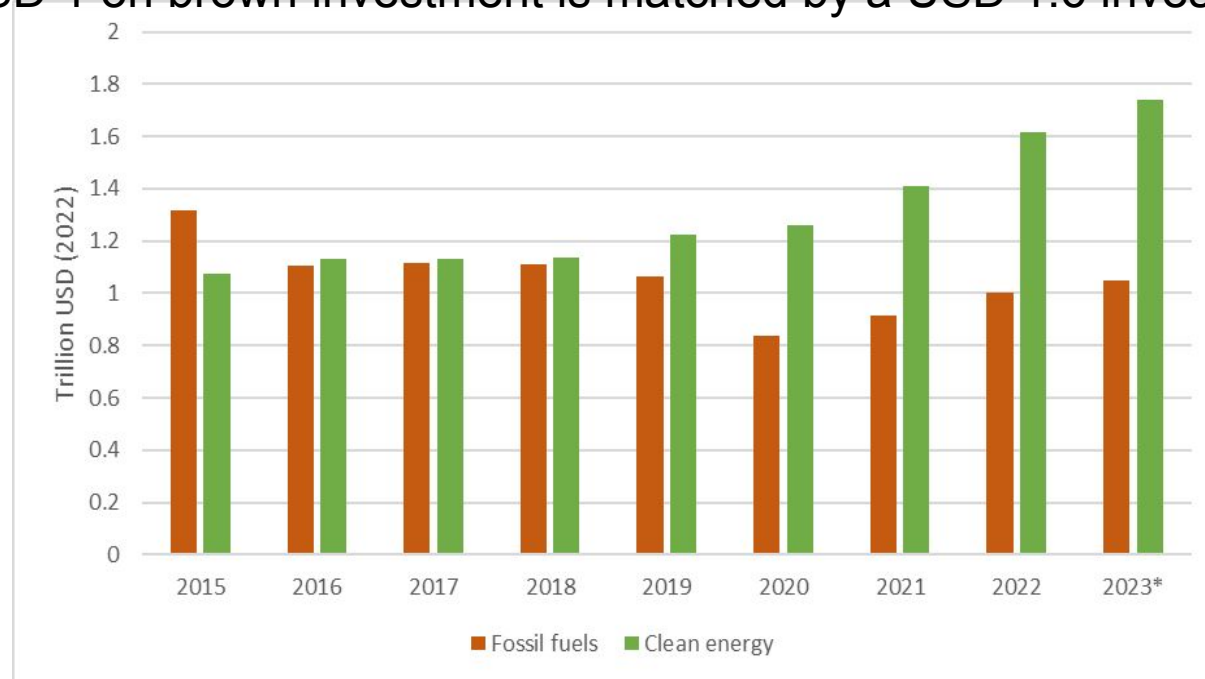


Need to scale up A4T for renewable energy



- Clean energy investment into developing countries and LDCs account for just 20% of global investment flows.
- In 2021, clean energy investment per capita in Europe was 41 times that of Sub-Saharan Africa – 57 times in North America.
- Opportunities available **horizontally** i.e. in value chains common to clean energy technologies. Includes extraction of certain minerals and metals, specific technology manufacturing capabilities and clean energy services
- Opportunities available **vertically** i.e. in specific value chains unique to certain clean energy technologies. This includes opportunities for value chain integration specific to technologies such as wind, solar PV, hydropower, hydrogen and nuclear.
- The horizontal and vertical trading opportunities that Aid for Trade can help developing countries and LDCs capture is the theme of forthcoming AFT report.

- In 2015, ratio of USD 1 invested on clean energy investment to USD 1.2 investment into brown energy.
- In 2022: ratio inverted USD 1 on brown investment is matched by a USD 1.6 investment in clean energy.



Source: IEA (2023)

Investments in Clean Energy and Fossil Fuels 2015-2023

USAID one of several federal agencies promoting this investment transition. Project examples:

- Caribbean Clean Energy Program (CARCEP) - a five-year development activity aimed at helping the region promote investment in renewable energy and energy efficiency for a brighter future.
- Scaling UP Renewable Energy Initiative (SURE) - helps countries meet international climate commitments, and strengthen energy security via private investment in, and competitive procurement of, clean electricity.