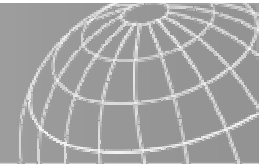


# The International Aid for Trade Agenda

## Genesis and State of Play

DIE and CUTS Workshop on “Aid for Trade - An opportunity for support to the productive sectors in developing countries?”, Bonn 1-2 December 2008

Dr Regine Qualmann – GTZ Programme on Trade Policy, Trade and Investment Promotion

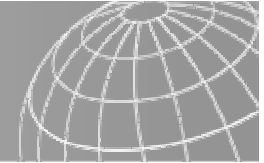


## AfT Genesis and State of Play

“... we need to think more creatively about how trade, development and growth can fit together into a coherent whole. Aid for Trade is a key piece of that puzzle.”

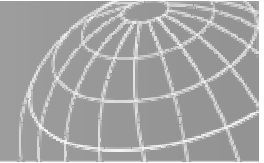
*(Pascal Lamy, DG WTO, 30 January 2006, Santiago de Chile)*

- Structure of Presentation:
  - 1 Where did we come from?
  - 2 How far have we got?
  - 3 Where might we go next?



## 0 Who is “we”? Different views on AfT

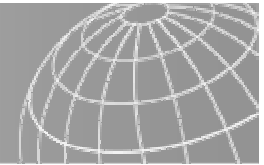
- **The “not new” view**
  
- **The Trade Community**
  - Trade negotiators concerned with non-discrimination and market access – SDT as an answer to development?
  - Despite preferences LDCs may not benefit from increased liberalization
  - “Trade, not aid” may **not** work
  - Hong Kong Ministerial in 2005 declares Aid for Trade a “valuable complement” to the DDA



## 0 Who is “we”? Different views on AfT

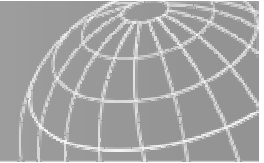
### ▪ **The Development Community**

- Downscaling of assistance to productive sectors (agriculture, industry, economic infrastructure)
- Trade-related assistance mainly concerned with competitiveness, export promotion, business climate issues, LED; i.e. with a national (closed economy) perspective
- Tackle market (rather than governance) failures
- Little recognition of trade – growth link, less of the leverage trade can have on domestic reforms



## 1 Where did we come from?

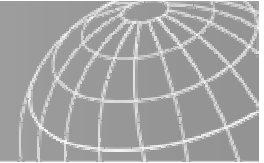
- **The AfT Initiative was launched by the Trade Community (WTO)**
  
- **Uruguay Round “Hang-over”**
  - Commitments are costly to Developing Countries
  - Assistance to implementation through IF
  - But: Finger (2000): Adjustment costs go far beyond compliance
  
- **The Doha Development Round**
  - High ambitions
  - ... but DC concerns such as Special and Differential Treatment lose ground against market access negotiations
  - Preference erosion can become very costly for some
    - Need to assist (L)DCs in building supply-side capacity
    - DG WTO to create Task Force to operationalise AfT



# 1 Where did we come from?

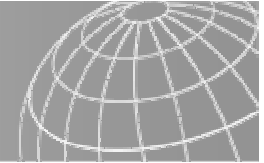
## ■ The Development Content

- Remove barriers to trade - but global trade reform will not be enough: NTBs, especially standards, customs red tape, RoO, etc. will hamper trade
- Need for “behind-the-border” reforms (fiscal, regulatory)
- Export oriented business development services and value chain approaches
- Regional and South-South Integration increasingly viewed as potential for trade-led development
- Tackle both market and governance failure



## 2 How far have we got?

- **Recognition of need for coherence**
- Hong Kong Ministerial marks important milestone for more coherence between trade and development objectives
  - DDA ambitions are still high but chances for successful deal low
  - Donor commitments beyond the market access agenda (or instead?)
    - New role for the WTO: live up to coherence mandate
- **Task Force Recommendations of July 2006**
- AfT to be “additional, predictable, sustainable and effective”
  - *Aid for Trade is about assisting developing countries to increase exports of goods and services, to integrate into the multilateral trading system, and to benefit from liberalized trade and increased market access.*
    - Need to bring development into the picture of trade – and *vice-versa*

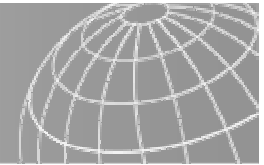


## 2 How far have we got?

### ■ The responses

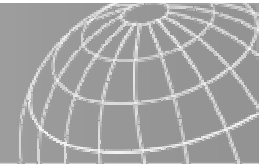
- The Enhanced Integrated Framework: strengthen implementation and monitoring mechanisms, mainstream trade into PRSPs
- Donor responses multilateral and bilateral: quantitative commitments, but linking trade with development?
- The EU AfT Strategy 2007: "classical" TRA
  - » Trade Policy and Regulation, and Trade Development
  - » Plus further non-quantitative commitments related to Productive Capacity Building; Trade Related Infrastructure; and Trade Related Adjustment





### 3 Where might we go next?

- **Making the AfT Initiative effective**
- WTO Roadmap focussing on monitoring (flows *and* impact)
  - Support to EIF to be increased
    - » Tackling the ownership issues
    - » possibly extend to non-LDCs
    - » Move beyond national level
  - Follow-up steps to EU AfT to improve coordination among EU donors (EC and MS) and address coherence
    - » ACP regional packages
    - » commitment to EPA implementation as a focus of future AfT – but grappling with coherence
- Bilateral Donors left with additionality and mainstreaming issues
- DCs not convinced with delivery mechanisms



## Recommended Reading:

D. Njinkeu and H. Cameron (Eds.): Aid for Trade and Development, Cambridge University Press, 2008

## Contact:

- E-Mail: [regine.qualmann@gtz.de](mailto:regine.qualmann@gtz.de)
- Internet: <http://www.gtz.de/trade>