

WORLD TRADE
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**High-Level Meeting on Integrated Initiatives for
Least-Developed Countries' Trade Development**

REPORT AND RECOMMENDATIONS FROM THE JOINT WTO/UNCTAD
NGO SYMPOSIUM ON TRADE-RELATED ISSUES AFFECTING
LEAST-DEVELOPED COUNTRIES

CIVIL SOCIETY RECOMMENDATIONS TO THE HIGH-LEVEL MEETING
ON INTEGRATED INITIATIVES FOR
LEAST-DEVELOPED COUNTRIES' TRADE DEVELOPMENT

Geneva, October, 1997

PREAMBLE

1. Meeting in Geneva on 25-26 September 1997, at the invitation of the secretariats of WTO and UNCTAD, we, the participating non-governmental organizations (NGOs) listed below, submit for the consideration of the High Level Meeting (HLM):

- Our concern regarding current trends of increasing poverty in the 48 least developed countries and their progressive marginalization from the world trade system. These countries represent 12 per cent of the world's people but less than half of one percent of world trade. Moreover, the situation of groups of people - particularly women - within these countries increasingly reflects unacceptable patterns of regression.
- Our concern about the real decline of ODA in the context in which ODA contributes two-thirds of total investment flows into LDCs, despite commitments by governments to increase ODA funds, most notably as a reiterated resolution at the global summits since UNCED in Rio in 1992.
- We welcome the pledge of WTO members to fully implement the Integrated Plan of Action adopted in Singapore and hope the unique collaboration between WTO and UNCTAD now commenced will be continued.
- We welcome the resolution of member countries to hold the HLM and the response of WTO, UNCTAD, the other participating agencies as well as the donor community to better define, coordinate and undertake action to reverse this marginalization, increasing poverty and regression trends.
- We appreciate the opportunity to contribute as NGOs to this process and welcome these first steps to involve us. In this same spirit, we hope to be invited to contribute to this process at the national level as well. We firmly believe that enhanced NGO participation will lead to more democratic and accountable decision-making and more successful trade and investment strategies.
- Stressing that international trade and foreign direct investment are not ends in themselves but means to attain sustainable development, with poverty eradication as a key priority, we urge governments and the six participating agencies to take upon themselves to implement the following.

RECOMMENDATIONS

On Capacity to Trade

2. Technical assistance for trade development of least developed countries must respect the national development priorities of the recipient country in promoting the domestic economy and engaging international trade. It should respond to the country's own assessment of development and trade needs and must be designed to target all relevant actors in the development process, including the non-governmental and business communities. The delivery of technical assistance should follow, in all cases, generally agreed international guidelines, such as those developed within the DAC. Moreover, we recommend:

3. That trade development programmes undertaken by ITC, the World Bank, UNDP and UNCTAD focus on enabling small and medium enterprises (SMEs), cooperatives and micro-enterprises and regional capacities through the creation, addition and improvement of:

- (a) *Extension services* providing advice, information and cooperation services in business, agriculture and other critical sectors for domestic and international production. This includes capacity to meet quality and quantity standards, education in management and management practices and enterprise development, as well as economic literacy.
- (b) *Micro-credit institutions*; while the local nature of this service, (often NGO-provided) is a positive contributing factor, agencies are urged to provide micro-lenders with adequate information and management assistance and otherwise add to their capacity to serve SMEs.
- (c) *Training and education* that focuses on building local knowledge beyond the levels of government and civil service to civil society institutions, especially farmers and women's associations whose efforts underpin our societies and whose livelihoods are often most adversely impacted by trade liberalization. Emphasis should be granted to product development, technology transfer, development of appropriate technology, and knowledge of trade rules and processes.

4. Given that the WTO's function is not limited to the implementation of the agreements but also includes rule-making; dispute resolution; and multilateral policy review, assessment and orientation,

- (a) the WTO secretariat, in association with UNCTAD and with the support of UNDP, should develop integrated capacity building programmes that focus on enabling LDCs to:
 - (i) effectively participate in all multilateral trade negotiations;
 - (ii) make use of the WTO dispute settlement mechanism;
 - (iii) realistically participate in policy-setting and policy review.
- (b) governments are requested to mandate the WTO secretariat to:
 - (i) undertake analysis of the effect of the implementation of the TRIPs Agreement on LDCs, with particular attention to food security. This analytical work must involve NGOs, the business community and other immediate stakeholders and formulate recommendations to the appropriate WTO bodies as to ways and

means to better tackle any negative effects of the TRIPs Agreement on LDCs' development.

- (ii) provide, in coordination with UNDP, the World Bank and UNCTAD, immediate assistance to Least Developed countries for their effective participation in both, the upcoming:
 - revision of Article 27.3(b) of the TRIPs Agreement, and
 - definition of negotiation mandates for the agricultural trade liberalization round set to begin in 1999;
- (iii) undertake the identification of areas where anti-competitive and restrictive business practices affect international trade in commodities. The WTO secretariat, building on UNCTAD's long experience in this field, should make recommendations to the 1998 WTO Ministerial Meeting on ways to deal with the above.
- (iv) elaborate a proposal for establishment of a process of review, reporting to the General Council, to monitor effective implementation of the Singapore recommendations and the Marrakesh decision concerning negative effects of the agricultural reform programme on LDC and net food-importing countries. This process of review should involve the FAO, UNCTAD and the Secretariat of the Convention on Biodiversity (CBD) and focus, *inter alia*, on:
 - food availability (production, food import capacity, reliability of import supplies, and food aid); stability (domestic and international) and access.
 - assessment of possible impacts of trade in genetically modified organisms (GMOs) and genetically modified foods, particularly on domestic seed and food markets; and, balance of payments and trade balance.
- (v) incorporate gender awareness and sensitivity criteria in analyzing the effects of trade in LDCs, in providing gender-disaggregated and other basic data, and in performing trade policy analysis and review.

5. Governments are requested to secure that UNCTAD and ITC, with the support of UNDP:

- (a) establish programmes to build and support in-country capacity to forecast, evaluate and monitor the effect of trade policy and agreements on social welfare and development which is fundamental to assessing the impacts of trade at the national and sub-national levels. Basic data which is easily accessible is an indispensable tool in assisting non-governmental institutions to perform analysis in areas that are often too difficult or too expensive for governments to support.
- (b) establish programmes of assistance to enable LDCs to set up or strengthen national standardization and normalization bodies;
- (c) develop programmes that rapidly build capacity for LDCs to proficiently participate in the international definition of norms and standards;

- (d) promote and technically support in-country programmes to assist exporters at all levels but with particular attention to small producers, to meet those standards;
- (e) recommend to appropriate bodies ways and means to make information on norms and standards and related processes accessible to LDCs.

6. That developed country governments support “fair trade” enterprises and schemes (such as the Max Havelaar label in Switzerland) for the promotion of exports from small producers in LDCs, through, *inter alia*, the provision of seed capital and the promotion of these initiatives.

7. Better coordination is needed to ensure that World Bank and IMF country programmes do not hinder LDCs’ competitive participation in international trade negotiations and instead reinforce the possibility of such participation. The World Bank and IMF, with the assistance of the WTO secretariat, are called to develop guidelines to this effect and in so doing, consult non-governmental and other civil society expertise.

Market Access and Trade Rules

8. WTO members should implement by the time of the 1998 WTO Ministerial Meeting the so called “Ruggiero Initiative” on zero tariffs for imports from LDCs. We urge developed country governments of traditional export markets for LDC products to undertake the comprehensive implementation of the initiative and in light of the growing significance of other markets for LDC exports (as evidenced in document LDC/HL/3), call on all other developed countries as well as on governments of the largest developing country economies to do likewise. In so doing, countries should give priority to the earliest elimination of tariff escalation.

9. We call on WTO members to effectively facilitate the process, including granting of general waivers when needed, to allow developing countries to grant preferential treatment to LDCs, in the context of the Global System of Trade Preferences (GSTP) or otherwise, and thus strengthen capacity for South-South and regional trade. In this same context, we also call on WTO members to commit at the HLM to the granting of a waiver to the enhanced Lomé V preferential scheme for ACP countries.

10. Given the importance of neighbouring economies as markets for LDC exports, the WTO Secretariat in cooperation with UNCTAD should identify major market barriers, both tariff and NTBs, for LDC exports into those markets.

11. We call on governments to mandate the WTO secretariat to:

- (a) identify opportunities for improvement and simplification of Rules of Origin, particularly in major markets, in order to facilitate imports from LDCs.
- (b) based on analysis undertaken in cooperation with UNCTAD, the World Bank and FAO, present to the 1998 WTO Ministerial Meeting options to tackle the impact of EU and US exports of subsidized agricultural products on LDCs’:
 - (i) development and food security; and
 - (ii) possibilities of exporting agricultural products;
- (c) elaborate, in a coordinated process involving the FAO, the WHO and the Secretariat of the CBD, proposals for a rule-based framework to address the impact of trade in genetically modified organisms (GMOs) on LDCs with particular attention to food

security; human health; biosafety and the environment; and pest management. Adequate trade rules would provide for disciplines to address at a minimum:

- (i) potential dampening effects of the mandatory nature of SPS/Codex Alimentarius standards on the Codex provision of voluntary guidelines and technical assistance to LDCs on food safety;
- (ii) participation of immediate stakeholders in scientific review and definitions of “sound science”, “organic” standards, the “precautionary principle” and “prior informed consent”.

12. We call for the immediate elimination of remaining quantitative restrictions on textiles, clothing and agriculture for products originating in LDCs.

Investment

13. Stressing that good governance, respect for human rights and a healthy social and political environment is imperative for the viability of domestic economies and their engagement in international trade, we note that strong markets need a strong state and national regulatory capacity. Further to our concern on declining ODA stated in the Preamble above, we also note that productive investment is an essential element of any economy and that its promotion, in particular through in-country capital accumulation (savings) is a priority which FDI should complement. Given the significant role of SMEs, community organizations, women’s cooperatives and micro enterprises in LDC development, FDI which supports these mechanisms should be promoted over other forms of FDI. In addition, we offer the following recommendations for technical assistance and a conducive international enabling framework:

14. WTO Member countries with the assistance of the WTO and UNCTAD secretariats must ensure that LDCs are not excluded from any process intended to establish multilateral rules for investment. Furthermore, WTO members must ensure that any such rules take into account the particular aspects of investment in small developing economies, and its contribution to sustainability and poverty alleviation.

15. Any multilateral agreement on investment must be “development-friendly”, supportive of core labor standards and coherent with multilateral environmental agreements.

16. Given the highly competitive international investment environment, the funding to attract investment cannot come from LDCs alone but should be provided by developed countries, for instance through direct financial incentives and tax credits to attract FDI in LDCs. In general, developed countries and large developing economies should enhance programmes that provide incentives for FDI in LDCs.

17. Investment needs strong human resources and thus education and capacity building need to be prioritized in technical assistance programmes resulting from this HLM; IMF and WB structural adjustment programmes should also address this need.

18. The HLM should mandate the agencies to establish a permanent forum for exchange between LDCs representatives and foreign investors.

19. Investment in infrastructure development in LDCs cannot be left only to the domestic or international private sector. It needs considerable support from external sources of finance other than FDI.

20. Domestic investment can be more stable and efficient than FDI at poverty eradication. Therefore support to domestic capital accumulation and investment schemes should be prioritized, for instance

through loan guarantees and targeting of local pension funds to provide collateral in this effort. International portfolio investment should also be directed at assisting in this aim.

21. UNCTAD, with the support of the World Bank, should establish a programme to build research and monitoring capacity in LDCs to engage in impact assessment of FDI on their economies. This could be facilitated by the support or creation of regional research centers and drawing on existing civil society capacity.

Role of NGOs

22. NGOs and governments share a common public service mission but differentiated responsibilities and abilities. NGOs have a distinctive role in building trade capacity as a result of their long-standing operational experience at the grassroots level. Like governments, NGOs have a substantial and legitimate role to play in ensuring that the benefits and costs of trade liberalization and foreign investment are equitably distributed. As recognized representatives of civil society, we NGOs sincerely wish to contribute constructively to the international trade regime in order to promote the welfare of our people and our nations. We possess deep expertise and commitment in our missions which can contribute to the productive growth of international trade in accordance with development priorities through our ability to advise and assist in the design and delivery of services to both communities and governments. Specifically, we recommend:

23. that the HLM encourage and enable LDC governments to take advantage of the special experience and technical expertise NGOs have gathered in activities ranging from pursuit of trade initiatives, to industry and market analysis, to development programme design and provision. Specifically NGOs can:

- (a) assist in national and international trade processes in supplementing government capacity to actively participate in the WTO and international trade fora;
- (b) assist in gathering and disseminating information and intelligence which may help alleviate the lack of resources faced by many governments;
- (c) provide a cost effective and empowering process of human resource development.

24. That the WTO and the other five international agencies involved in the HLM make better use of NGOs' special competence.

25. That national governments include and consult with NGOs as part of their periodic WTO Trade Policy Reviews.

26. That the WTO and the other participating agencies make use of NGOs to more effectively disseminate information.

27. That NGOs should have a role in monitoring the effects of FDI in vulnerable small economies.

28. That national governments support Secretary General Ricupuro's initiative to further involve NGOs, including business representatives, in the work of UNCTAD; and that they support initiatives which assist NGOs in understanding and constructively interacting with trade policy making bodies and multilateral trade institutions.

FOLLOW-UP

29. A systematic framework of follow-up should be set up by the HLM, including a commitment to meet periodically, for instance, every two years. In order to make any actions resulting from this HLM effective, the future HLM agenda should be expanded to look at the other aspects of macroeconomic management that hinder LDCs development and participation in the global economy, such as commodity prices, debt, agricultural imports and the like.

30. Coordination among the six agencies involved in the HLM should be continued with a standing involvement of NGOs as observers and contributors of information, capacity and field experience.

31. We formally request the Chairman of the HLM to present the above recommendations to the meeting.

ATTACHMENTS

Final List of Participants.

List of papers submitted to the symposium. Papers can be obtained from the WTO Secretariat, External Relations Division, upon request.

FINAL LIST OF PARTICIPANTS

NAME OF REPRESENTATIVE	ABBREVIATION	COUNTRY
Mr. Martin LIDEGAARD	EUROSTEP	BELGIUM
Ms Janice FØRDE	ICDA	BELGIUM
Mr. John KRAUS	ICC	FRANCE
M. Antoine de RAVIGNAN	SOLAGRAL	FRANCE
Mr. H.C. GOLCHHA	WASME	INDIA
Mr. Christophe BELLMANN Mr. Richard GERSTER Mr. Migués BAUMANN	SWISSAID	SWITZERLAND
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Mr. Ricardo MELENDEZ-ORTIZ Mr. Andrew CROSBY Ms Maud JOHANSSON, FORUM SYD Mr. Klaus PEIPEL, MISEREOR Mr. Mark HALLE, IUCN Ms Myriam VANDER STICHELE, TNI Ms Mariama WILLIAMS, WIDE Mr. Charles ARDEN-CLARKE, WWF	ICTSD	SWITZERLAND
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Mme. Charlotte KARIBUHOYE	TINIGUENA	GUINEA BISSAU
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Mr. Diallo HOUSSEYNE	WORLD VISION INT'L	MAURITANIA
Mr. Sunil MANANDHAR	SEWA	NEPAL
Ms Mary RUSIMBI	TANGO	TANZANIA
Mr. David P. KALETE	DENIVA	UGANDA

CHECKLIST OF PAPERS PRESENTED AT THE SYMPOSIUM

1. Encourager l'investissement dans les pays les moins avancés: exemple du Burkina Faso, Promotion du Développement Industriel-Artisanal et Agricole (PRODIA-AC), Burkina Faso, Mme Kabore Sylvie, Conseiller des Affaires Economiques, Administrateur de PRODIA, (French and English).
2. Développer la capacité d'échanges dans les pays les moins avancés, Centre de Documentation d'Information et de Formation pour le Développement (CEDIFOD), République Centrafricaine. M. Marc Karangaze, Président/Fondateur (French and English).
3. Promotion of Investment in Least Developed Countries with Special Reference to Nepal World Association for Small and Medium Enterprises (WASME), Mr. Hulas Chand Golcha, Immediate Past Président. (Summary English and French, Paper in English only).
4. Encourager l'investissement dans les pays les moins avancés, Madagascar, Association pour la Promotion de l'Entreprise à Madagascar (APEM), M. P. Rakatovao, (French and English).
5. Encourager l'investissement dans les pays les moins avancés, Comité de Coordination des Actions des ONG au Mali (CCA-ONG), M. Issa Sissouma, Le Trésorier Général. (French and English).
6. Encourager l'investissement dans les pays les moins avancés, World Vision International. Mauritanie, M. Diallo Housseine, Training Coordinator, (French and English).
7. Building the Capacity to Trade, Swiss Coalition of Development Organisations, M. Christophe Bellmann, Coordinator for Development Policy, (English and French).
8. Prerequisites of Enhanced Participation of Least Developed Countries in Global Trade, Global Traders Conference, Switzerland, Mr. B. Raj Bhandari. Chief Consultant. (English only).
9. Rapport sur le développement de la capacité d'échanges des pays les moins avancés, Fédération des Organisations Non Gouvernementales au Togo (FONGTO), (French and English).
10. Building the Capacity to Trade in Least Developed Countries. Oxfam, United Kingdom. Ms. Caroline LeQuésne, Policy Adviser, Trade and Environment, (English and French).
11. Building the 'capacity to trade' through trade-related policy reform towards revising the Agreement on Agriculture and the Agreement on Trade-Related Intellectual Property Rights, Institute for Agriculture and Trade Policy, United States, Ms. Kristin Dawkins, Director, Trade and Agriculture, (English and French).
12. Building the Capacity to Trade in Least Developed Countries. DENIVA, Uganda. Mr. David P. Kalete. (English only).
13. Développer la capacité d'échanges dans les pays les moins avancés. ASSED, République du Bénin. M. Maximilien da Silva. (French only).

14. Les mesures pour résoudre les obstacles à l'accès aux marchés pour les PMA, à l'exemple des petits producteurs agricoles de la Guinée-Bissau. TINIGUENA, Guinée-Bissau. Mme. Charlotte Karibuhoye. (French only).