

WORLD TRADE ORGANIZATION

RESTRICTED

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Sub-Committee on Least-Developed Countries

NOTE ON THE MEETING OF 25 NOVEMBER 1998

Chair: Ambassador H. H. Bruun (Denmark)

A. ADOPTION OF AGENDA

1. The Sub-Committee adopted the agenda contained in WTO/AIR/972, with the addition, under "other business", of the date of the next meeting of the Sub-Committee.
2. The Chairman recalled the time-table of forthcoming meetings in the WTO which could have a bearing on the work of the Sub-Committee, particularly in the process leading up to the 3rd Ministerial Conference;
 - 7 December: Meeting of the Committee on Trade and Development;
 - 9, 10, 11 December: Meeting of the General Council, at which the Annual Report of the CTD would be considered;
 - 14 and 16 December, Informal Intersessional Meeting of the General Council, at which paragraph 9 (c) of the May Ministerial Declaration relating to "recommendations on the follow-up to the High-Level Meeting on Least-Developed Countries" would be discussed;
 - 26 and 27 January 1999: Informal Intersessional Meeting of the General Council; and
 - 25-26 February 1999: Special Session of the General Council (3rd Ministerial Conference).

B. FOLLOW-UP TO THE HIGH-LEVEL MEETING ON LEAST-DEVELOPED COUNTRIES

3. The Chairman informed the Sub-Committee that, as requested at the last meeting of the Sub-Committee, the oral report on WTO follow-up to the High-Level Meeting given by Ms. Annet Blank had been circulated as an official document (WT/COMTD/LDC/W/12), and the presentation made by Ms. Gloria Bartoli of the World Bank was annexed to the Minutes of the previous meeting (WT/COMTD/LDC/M/13).
4. Presentation by Mr. Abdalla Abbas (UNCTAD).
5. On the invitation of the Sub-Committee, Mr. Abdalla Abbas, Economic Affairs Officer in the Office of the Special Coordinator for the LDCs in UNCTAD, addressed the Sub-Committee on UNCTAD's role in the follow-up to the High-Level Meeting on Least Developed Countries, with

special emphasis on UNCTAD's activities undertaken to implement the Integrated Framework. The statement made by Mr. Abdalla Abbas is annexed to this report.

6. The representative of Australia sought more information about the national surveys to determine the impact of the WTO Agreements on national economies and external trade patterns, which had been mentioned in relation to the Joint Integrated Technical Assistance Programme ITC/UNCTAD/WTO (JITAP).

7. Another representative of UNCTAD said that the JITAP Programme covered eight African countries, four of which were least-developed (Benin, Burkina Faso, Tanzania and Uganda). The other countries were Côte d'Ivoire, Ghana, Kenya and Tunisia. Impact Surveys would be conducted for seven of those (all except Uganda). The Impact Surveys would be two-dimensional: they would first consider the impact of the Uruguay Round Agreements on the economies of the countries concerned; second, they would assist the countries in identifying their trade interest and thereby prepare them for future negotiations. Another aim was awareness-building about the Uruguay Round Agreements. The studies would be conducted jointly with the International Trade Centre (ITC). ITC's contribution related to product specific analysis and market surveys in the countries concerned.

8. The representative of Sudan praised the significant role played by UNCTAD in the follow-up to the High-Level Meeting, especially for Sudan. A joint technical mission of UNCTAD and WIPO had just been accomplished. A consultant from UNCTAD was expected in December 1998 to help officials in Khartoum prepare for the trade-sector donor consultation meeting which Sudan intended to organize in the first quarter of 1999. The WTO Secretariat had also agreed to organize a national seminar during the first week of December on the WTO and the multilateral trading system with emphasis on difficulties faced by Sudan in the process of accession. He noted that the report of the previous meeting of the Sub-Committee mentioned that Egypt would be hosting a seminar in cooperation with the WTO, UNCTAD and ITC to examine issues related to the accession of developing countries, and especially LDCs. His delegation wished to know the status of the preparations for that seminar.

9. The representative of Haiti confirmed that the preparation of a trade-related donor meeting in Haiti had led to missions and consultants being sent by both UNCTAD and UNDP to assist his Government in its preparations. UNCTAD had also supported a study of the entry of Haiti in the CARICOM. He encouraged UNCTAD to play a more active role in the follow-up to the High-Level Meeting because of its experience in the fields of development and production capacity for trade. The role of UNCTAD was complementary to that of the WTO.

10. The representative of Zambia wished to know the difference, in terms of objectives, between JITAP and the Integrated Framework. This question, although directed to UNCTAD, was relevant for WTO and ITC as well, and was asked in order to examine how a possible overlap between the two could be avoided.

11. Mr. Abbas said that the Integrated Framework was a framework which covered different activities undertaken by the six agencies and by other development partners of each LDC while JITAP was a programme of concrete technical assistance activities which focused on particular aspects which could assist LDCs to integrate into the multilateral trading system.

12. A representative of the WTO Secretariat said that the Integrated Framework had a provision which specifically referred to JITAP.¹ The Integrated Framework was a framework, a process, a structure of coordination and not a programme. Underneath the Integrated Framework, various programmes such as JITAP were carried out.

13. The representative of Switzerland asked for information on countries' focal points. His delegation was concerned that the Integrated Framework contained no integrated system of reporting on its activities. There would be merit in considering the establishment of such a system, the aim of which would be to give an overview of activities under the Integrated Framework and to show that there was no overlap.

14. A representative of the Administrative Unit said that a number of LDCs, multilateral agencies and bilateral donors had identified their focal points and reported them to the Administrative Unit.

15. A representative of the WTO Secretariat said that when the Integrated Framework was established, the six agencies had discussed possible modalities of reporting to their respective constituent bodies. The agencies had agreed to do what was possible and realistic: to have each agency report individually to its own constituent body. In the case of the WTO, the reporting had always been made to the Sub-Committee on Least-Developed Countries. Moreover, the Integrated Framework Website served as an effective monitoring tool, accessible to all.

16. The Chairman said that although the reporting was done to the individual constituent bodies of each of the six agencies involved, an effort was made in the Sub-Committee not only to have representatives of the individual agencies inform the Sub-Committee on their specific activities, but also to get information about the developments within the Integrated Framework. He reminded delegations that the focal points notified to the Administrative Unit would be published on the website of the Administrative Unit.²

17. The representative of Haiti said that even if a joint report of the six agencies were available, it would still be interesting to invite representatives of those agencies to the Sub-Committee to make presentations of their role and activities under the Integrated Framework so that delegations could follow the process.

18. The representative of Uganda said that a WTO reference centre had been established in Kampala. It was functioning as a documentation centre, with WTO documents available for the business community and the academia. Recently, funds had been received from the WTO for post-installation charges and computer servicing. His government had been an active participant in the programme; for example, officials had participated in the "training of trainers" course in Geneva. Furthermore, as part of the process under the Integrated Framework, a trade-sector donor consultation was scheduled to take place as part of the overall Consultative Group Meeting from 7-11 December 1998 in Kampala.

19. The representative of the European Communities expressed his delegation's satisfaction with progress in the staffing of the Administrative Unit. His delegation hoped that all staff would be in place by January 1999. In addition to the integrated reporting system mentioned by the representative

¹Article II:3 of the Integrated Framework (as contained in document WT/LDC/HL/1/Rev.1) states that: "The Integrated Framework builds upon the experience of relevant related programmes currently being undertaken by the six agencies involved. In particular, ITC, UNCTAD and WTO are collaborating in an Integrated Technical Assistance Programme for Africa designed to tackle, *inter alia*, export supply capabilities. Activities under this programme for individual African least-developed countries will be subsumed under the Integrated Framework."

² <http://www.ldcs.org>.

of Switzerland, it might be possible to go a step further and consider an integrated evaluation. The synergetic effect of the exercise was important. Paragraph 16 of the Second Progress Report on the Follow-up to the High-Level Meeting³ contained a reference to Trade Policy Reviews which were scheduled for a number of LDCs. Trade Policy Reviews were a good mechanism for identifying and focussing technical assistance. Delegations might wish to consider the merit of the Sub-Committee launching another appeal to speed up that procedure.

20. A representative of the WTO Secretariat said that a number of LDCs had been added to the list of Trade Policy Reviews to be conducted in 1998 and early 1999, including Burkina Faso, Guinea, Lesotho, Mali, Solomon Islands and Togo. The request would be conveyed to the TPR body.

21. A representative of the WTO Secretariat reminded delegations that the Integrated Framework Website could be consulted at any time by delegations that wished to follow the implementation of the Integrated Framework. A list of the activities of the various agencies would soon be available on the site.

22. The representative of Bangladesh recalled that the Second Progress Report on the Follow-up to the High-Level Meeting stated that 15 LDCs had expressed interest in organizing country-specific trade-sector donor meetings. Bangladesh had been one of the first to request assistance in that respect and was eagerly awaiting a response from the agencies. In paragraph 4 of the Second Progress Report it was recognized that the in-country process leading up to the Round Table/CG meeting may sometimes require the services of a short-term consultant (international or national, depending on the request by the government concerned) assisting the government in preparing and drawing up the multi-year country specific programme of trade-related technical assistance and bringing the stakeholders together. His government had requested that such assistance be made available through a consultant. He wished to know if the process referred to in paragraph 6 of the Report according to which the Administrative Unit would be in the process of contacting the LDCs and other development partners with a view to facilitating the exchange of information on focal points of the Integrated Framework exercise was still ongoing.

23. A representative of the Administrative Unit said that a communication had been sent to all LDCs and their bilateral and multilateral development partners requesting them to notify a focal point with a view to facilitating a smooth exchange of information and better administration of the Integrated Framework exercise.

24. The representative of Burundi said that her government had submitted a needs-assessment of trade-related technical assistance and that an Integrated Response had been provided by the six agencies. Her government was currently studying the responses.⁴

25. A representative of the United Nations Industrial Development Organization said that, although UNIDO did not form part of the core group of six agencies cooperating under the Integrated Framework, UNIDO had gladly responded to the invitation of the WTO to contribute to the Integrated Framework as a cooperating partner. UNIDO was grateful for the WTO's initiative to broaden the Integrated Response to take into account trade-related support measures undertaken by other development agencies. That initiative should enrich the impact of the Integrated Framework, by drawing in the specific trade-related expertise of other agencies, and should facilitate the overall coordination of technical assistance programmes at the field level. UNIDO had carefully analysed 31 needs assessments made available to it through the WTO Secretariat and had compared the expressed needs with its ongoing and planned activities in the respective countries. That information had been submitted to the WTO in October, and she was pleased to note that the information had already been

³Document WT/COMTD/LDC/W/12.

⁴WT/COMTD/IF/15.

put up by the Administrative Unit on the Integrated Framework Web page. UNIDO's work focused on promoting the industrial competitiveness of LDCs and addressing supply constraints typical for LDCs, with a view to facilitating their access to international markets. In that context, UNIDO assisted Governments, supported institutions and clusters of enterprises in the fields of metrology, standardization, certification and accreditation, quality improvement and quality management through (ISO 9000 and 14000), investment and technology promotion, entrepreneurship development through SME policy advice and institutional support for SMEs, and sectoral support, in which priority is given to the upgrading of agro-industries and related technical skills. UNIDO was aware that the drawing up of an integrated response was only the first phase of the process under the Integrated Framework, and that coordination and integration among agencies took place at the field level, where the Governments of the LDCs were called to lead the preparations for trade-related donor meetings, including the broadening of the exercise to other development partners such as UNIDO. UNIDO was committed to assume its cooperative role in the Integrated Framework and would be happy to contribute towards donor meetings in coordination with the other agencies, if its involvement was desired. Some first demand signals from LDC member states had been received in the context of UNIDO's Industrial Development Board that had met the previous week in Vienna. Her colleagues in UNIDO field offices were fully aware of the contribution submitted to the WTO Secretariat and had been instructed to carry out the necessary coordination and follow-up.

26. The representative of Haiti said that his delegation had requested UNIDO to participate in the preparations of its round table under Integrated Framework process, especially as UNIDO had experience in the areas of industry and environment.

27. Mr. Abbas of UNCTAD said that in the joint UNCTAD/WIPO mission to Sudan last September, the representative of UNIDO in Sudan had been helpful and had participated in all meetings with the Ministries of Commerce and Investment.

28. The representative of Ethiopia said that his country was benefitting from a number of projects under the Integrated Framework. The Third United Nations Conference on LDCs, which the General Assembly of the UN had agreed to organize in 2001, was going to be a venue where the international community could renew, for the third time, its commitment to advancing the cause of LDCs, particularly in reversing declining socio-economic trends and avoiding their further marginalization. The conference would deal with all issues which might affect development prospects for the LDCs. It was important for an organization like the WTO to contribute positively to the success of that conference. In that connection, he referred to the paper from the ad-hoc working group of the Secretary-General of UNCTAD on GSP and GSTP and other trade privileges. The paper would be particularly helpful for the Sub-Committee in the area of market access. The Chairman noted that the report was available at the back of the room.

29. The Chairman said that he would continue to invite, as appropriate, representatives of the organizations most closely involved in the follow-up to the High-Level Meeting. For the following meeting, he was going to explore the possibilities of inviting a representative from UNDP. He suggested that the Secretariat circulate, before the following meeting, a document giving the up-to-date picture on focal points under the Integrated Framework.

30. The Sub-Committee took note of the statements made.

C. MARKET ACCESS

31. The Chairman recalled that the Secretariat had prepared a paper for the previous meeting of the Sub-Committee identifying products and services of main export interest to the least-developed countries, as well as major barriers to trade they faced, in those areas. That paper, entitled "Market

Access for Exports of Goods and Services of the Least-Developed Countries: Barriers and Constraints", had been circulated as document WT/COMTD/LDC/W/11. Earlier, for the High-Level Meeting of October 1997, the Secretariat had prepared a detailed market access study (WT/LDC/HL/14 and Add.1). Some delegations had offered preliminary comments on the new Market Access Paper at the last meeting and the Sub-Committee had agreed to keep the issue of market access on the agenda as delegations wished to get back to it after having studied it more thoroughly.

32. At the last meeting, most delegations had emphasized the important link between the ability of least-developed countries to make use of increased market access and their supply-side capacity. One delegation had noted that both the instruments used and the actors concerned for addressing the two issues were different. Other WTO-related issues mentioned included the paucity of LDC representation in Geneva, difficulties arising from the application by some Members of the Agreements on SPS and TBT, tariff escalation and tariff and non-tariff barriers to LDC products in developing country markets. Several appeals had been made to delegations to announce increased market access and for those that had already done so to notify them. In addition, Members had referred to issues such as transfer of technology, debt, FDI, volatility of commodity prices and exchange rates, which were not directly under the aegis of the WTO, but which were serious developmental concerns. In addition to the conclusions, the Market Access Paper set out a number of suggestions that delegations might wish to consider.

33. The representative of Mauritius said that, during the High-Level Meeting Mauritius had announced that, despite its small and vulnerable economy and out of concern for the problems and difficulties faced by the LDCs, it would undertake to provide increased market access for LDC exports. A notification should have reached the Secretariat and his delegation wished to see the Market Access Paper updated with that information.

34. The representative of Bangladesh said that the principal barriers to LDC exports did not lie in tariffs but in the non-tariff area. Such barriers were often invisible and were difficult for LDCs to overcome. Various complex standards existed in the areas of labelling, hygiene, environment and social requirements which were not neutral and which constituted real barriers to LDC exports. Preference schemes, rules of origin requirements and quantitative restrictions stifled LDC trade growth as well. The paper claimed that the incidence of non-tariff barriers to LDC exports were three times higher in high-income developing countries than in developed markets. The report also mentioned that sophisticated trade-financing regimes, lack of access to informatics, poor economies of scale and various trade distorting measures including restrictions on the movement of natural persons and outdated skills of the LDC labour force retarded LDC trade. Those were real barriers which could not quickly be overcome. His delegation therefore urged Members, particularly developed countries, to consider the report in its proper perspective and suitably shape their assistance strategies towards the LDCs. Some possible assistance measures had been listed under Section VIII of the paper. His delegation believed that those deserved serious consideration. He recommended that the paper be forwarded to the General Council as input to its preparatory work for the next Ministerial Conference.

35. The representative of the United States said that Annex 1 of the Market Access Paper, containing comments made by individual LDCs, was of particular interest. Market access was a necessary condition for trade growth for all WTO Members, including the LDCs. One of the functions of the WTO was to increase market access for all its Members. However, the paper appropriately pointed out that external market access conditions were only one part of the equation with supply constraints possibly being a more important issue for the LDCs. The statistics in the paper bore out that linkage by indicating that between 80 and 90 per cent of LDC exports entered the major markets duty-free. Annex 1 was instructive in that all comments in the "Obstacles to Trade Expansion" - column were supply-related, while most of the comments in the column indicating

market access barriers were supply-related as well: from uncompetitive quality of products to lack of market information and lack of experience in world markets. Interestingly, many of the complaints regarding market access barriers were directed at the natural trading partners for most countries: their neighbours. The paper pointed out that market access enhancements in favour of LDCs had been made by a number of countries. However, the United States was not listed among those. At last year's High-Level Meeting, his delegation announced that it had added 1,783 items to its GSP programme. Imports of those items from least-developed beneficiary countries were eligible for duty-free treatment under the programme which came into effect in the third quarter of 1997. It had been brought to his delegation's attention that notification of the product list had not been made to the WTO, although it had been made to UNCTAD. His delegation apologised for that oversight. The notification would be sent to the WTO within a couple of days. A number of actions had been taken or were in the process of being taken to assist the LDCs take advantage of the opportunities available: from enhanced market access in a number of countries to technical assistance aimed at capacity-building in the area of trade and the Secretariat programme to place personal computers with Internet access in the Trade Ministries of each LDC Government. The last programme increased information about market conditions through access to resources such as UNCTAD's GSP page which contained information on a number of GSP programmes.

36. The representative of Australia said that the paper helped to ensure that the Sub-Committee paid adequate attention to the important links between market access problems and supply-side constraints. The analysis suggested that any action to improve LDCs' trade opportunities would require action on both sides of the equation. An effective tool to improve market access in some cases would be to help LDCs meet standards, testing, labelling, certification and other requirements in overseas markets. Transparency in those markets was also essential to facilitate LDCs' trading opportunities. In that regard, she noted the contribution of the TBT and SPS Agreements to forcing a degree of transparency on Members in trying to ensure the legitimacy of measures taken. It was critical to ensure that information flowed to the appropriate bodies within the LDCs themselves. Another requirement was targeted assistance to help LDCs improve production and distribution chains in order for them to meet export market demands. Additional recurring issues were border closures, customs formalities, transportation difficulties and other problems in the trade transaction process. Those were aspects which should be given priority in the WTO's work on trade facilitation and electronic commerce. LDCs were going to face particular problems in those areas, especially land-locked states and the WTO should explore what scope there was to address those problems. There were certainly going to be issues which might not have an immediate natural home in the WTO such as those which related to infrastructure, storage, transportation and the use of electronic facilities to expedite trade transactions. The latter was a question which needed to be factored in in terms of imports as an input to LDC exports. Limitations to access for imports needed for export-oriented industries due to customs formalities, transportation bottlenecks or trade financing difficulties could also be a handicap. The statistics in the paper indicating that between 80 and 90 per cent of LDC merchandise exports entered major market duty-free again highlighted the role of removing supply-side constraints in helping developing countries to integrate further into the trading system. However, that did not mean that market access barriers such as tariffs or non-tariff barriers were of no importance, especially in the context of the limited diversification in the structure and composition of LDC exports. Such obstacles to trade performance could become crucial. There was thus a need to examine ways to reduce tariff and non-tariff barriers in line with development aspirations. In particular, her delegation noted that tariff peaks and tariff escalation were issues which, for LDCs in particular but possibly for others as well, merited continued attention. It had to be ensured that LDC concerns were addressed in future work and possibly in negotiations on reducing tariffs and other barriers in sectors such as agriculture, fisheries, minerals and manufactures.

37. The representative of the European Communities said that the conclusions of the Market Access Paper focused too much on the market access-side and were not sufficiently balanced on the supply-side. As stated in paragraph 13 of the paper, the problems posed by tariffs appeared

insignificant. The paper further pointed out that 90 per cent of LDC exports entered major markets duty-free. Nevertheless, it was valid to point out that the destination of exports had to be taken into consideration. The paper, in paragraphs 15 and 16, made some interesting remarks about tariff escalation in the markets of some WTO Members. All Members should consider whether there was scope to reduce tariffs for LDC exports. The paper stated that there were high tariffs in developing countries' markets, averaging over 25 per cent, which constituted an important peak. Reference had been made to the standards issue, SPS restrictions and eco-labelling. However, the solution was not to lower standards, as that would not constitute an acceptable answer for consumers. He recognized that there were difficulties with transparency and that further capacity-building work had to be undertaken. Further technical assistance in that respect could help to solve that supply-side issue, and many other issues mentioned, including trade financing, information and communication, all of which were part of the broader picture of supply-side issues. Paragraph 43 of the Market Access Paper mentioned anti-dumping in emerging markets. In that context, it was useful to point out that the European Communities did not apply anti-dumping measures to LDCs. However, it was worrying that the developing world led in anti-dumping. That was another area in which all Members, some more than others, should consider scope for improvements. His delegation was of the view that the conclusions of the Market Access Paper should reflect the different comments made on the various elements, the recommendations and the areas for further work identified. The Market Access Paper should provide an input into the mid-December discussions in the WTO as it would allow Members to concretely discuss measures which might remedy and further the integration of the LDCs into the world trade system.

38. The representative of New Zealand said that the Market Access Paper was useful in showing both the distinctions and the links between supply-side constraints and market access constraints for LDC exports. He noted the emphasis on supply-side constraints in the paper. That was an area to which greater attention should be paid. However, as the discussion was taking place in the WTO, an organization which sought trade-liberalization, market access aspects had to be considered, even if, in the case of LDCs, 80 to 90 per cent of their exports received duty free treatment. That side of the equation could not be avoided until the markets were completely open for LDC exports, not only as tariffs and tariff escalation was concerned but also with respect to non-tariff barriers. In particular, paragraph 13 of the Market Access Paper stated that although overall, the problem posed by tariffs on LDCs' *existing* structure of exports appeared insignificant, a continuing exception were sensitive areas such as agriculture and textiles. Future negotiations on textiles and agricultural products could not come soon enough for developing, and in particular for least-developed countries, both in terms of reduction of tariffs on those products in which LDCs had a comparative advantage and in terms of the effect of negotiations which should be an increase in the world price of agricultural goods. At present, LDCs had to compete on world markets with subsidized products in an area where they had a comparative advantage. In addition, paragraph 15 of the Market Access Paper stated that tariff escalation might not appear a major problem, given the present export structure of most LDCs (primarily raw materials and semi-processed goods). In fact, LDCs might only export raw materials and semi-processed products because of tariff escalation. That point should be looked at more closely. Other members had said that the paper's conclusions were possibly biased towards market access. Market access was the area in which the WTO had expertise. While supply-side constraints were important, they were more difficult to deal with and the WTO was better placed to quickly and efficiently deal with the market access side as the organization proceeded towards the next round of multilateral negotiations.

39. The representative of Haiti said that a real effort had been made to increase LDCs export possibilities under the United States GSP scheme. The representative of the European Communities had spoken of his delegation's intention of improving market access for LDCs. Several LDCs had mentioned that they had more supply-side problems than market access problems. However, tariffs sometimes constituted a real barrier. He suggested that the Members that really wished to help the

LDCs, currently and in the future, proposed to the General Council that an effort be made to reduce to zero all tariffs that LDCs' exports faced.

40. The representative of Norway drew the attention of the Sub-Committee to the ongoing consultations to establish an appropriate legal basis for autonomous market access improvements made by developing countries in favour of the LDCs. That would be an important tool for those developing countries that wished to offer such improvements in favour of the LDCs. He understood that concerns had been raised by some delegations to a particular proposal from the Secretariat on establishing a waiver mechanism. Such a waiver mechanism would solve the problem. His delegation urged Members to do their utmost to come to agreement so that a tool could be found which made such autonomous market access improvements possible. His delegation supported the idea expressed by Bangladesh that the paper should be brought forward to the General Council.

41. The representative of Uganda appreciated that LDCs capacity to use market access opportunities available to them were strongly linked to their domestic supply-side constraints. Although many LDCs had implemented autonomous domestic policy reforms aimed at macroeconomic stability, tangible results could not be seen. Poor physical infrastructure, inadequate human resources, and lack of capacity to produce qualitative tradeable goods and services in commercial quantities had constrained the transformation of the LDCs into viable trading nations. Those problems could be overcome only if the international community reinforced the efforts made by the LDCs through technical and financial assistance. Paragraph 15 of the Market Access Paper suggested that tariff escalation was not a major problem since most LDCs exported raw materials and semi-processed goods. While that argument was valid for many LDCs, it was not valid for all. The instance of tariff escalation on Uganda's fish, coffee extracts, leather and leather products in the developed markets was real and alarming. Fish and fish products were subject to high tariffs. Tariff escalation was particularly visible with regard to coffee extracts. He thanked the delegation of the European Communities, Australia and New Zealand for their appreciation and understanding of the problem. His delegation asked other Members, especially the developed ones, to address that problem. He recalled the declaration of the WTO to achieve greater coherence in global economic policy-making as a necessary tool in addressing market access barriers. The Geneva Ministerial Declaration agreed that Members would work together in the WTO, the IMF and the World Bank to improve coherence in international economic policy-making. The WTO could implement that declaration by contributing to a durable solution to the chronic debt problem which crippled LDC's production and development through, *inter alia*, better market access for developing country exports in developed country markets, by participating in the development of a new financial architecture that fostered stable growth for economies at all levels of development and by extending the scope of the present trade policy review mechanism to ensure a thorough review of the macro-economic policies of the major developed countries in view of the impact that those policies had on growth and development of smaller countries, especially the LDCs.

42. The representative of Japan said that an effort should be made to assist countries facing supply-side and market access constraints. As WTO was a trade-liberalization organization, the main focus in helping LDCs should be on market access. Market access for LDC exports was not only a problem for developed countries, but of developing countries as well. That was indicated in the paper prepared for last year's High-Level Meeting, which showed that developing countries' tariff barriers towards LDC exports were higher than those of developed countries.⁵ The more recent Market Access Paper indicated that developing countries also had higher non-tariff barriers than developed countries. Emerging markets' frequent resort to the use of anti-dumping measures was an other area of concern. The spirit of South-South cooperation was important for the integration of the LDCs into the globalized economy. A waiver mechanism for developing countries was a valuable suggestion and Members should discuss the issue further in the Committee on Trade and Development. He

⁵Document WT/LDC/HL/14 and Add.1.

agreed that the Market Access Paper should be forwarded to the Intersessional Meeting in mid-December.

43. The representative of Brazil said that importance should be attached to supply-side constraints in discussing market access opportunities for LDCs. Those constituted major problems which should be tackled through technical cooperation. That could help LDCs to overcome non-trade barriers and diversify their export profile. He referred to paragraph 16 of the Market Access Paper which stated that LDC products faced high tariffs in developing country markets, averaging over 25 per cent. That fact reflected a fundamental structural reality in that there was little complementarity between LDC and developed country economies whereas many exports of LDCs competed with domestic industries of developing countries, sometimes located in poorer areas of those countries. That had to be taken into account in the analysis. Market access should be emphasized in the WTO. While his delegation favoured South-South cooperation, one had to bear in mind that in giving increased access to LDC exports, developing and developed countries had different responsibilities.

44. The representative of Switzerland agreed that the Market Access Paper should be forwarded to the General Council. His understanding was that it would be forwarded as a Secretariat paper and not as a negotiated paper by the Sub-Committee.

45. The representative of the United States wished to clarify whether paragraph 7 of the Market Access Paper would be updated to reflect new Market Access notifications before being sent to the General Council.

46. The Chairman said that he had the assurance by the Secretariat that such a revision would be made. He suggested that the Sub-Committee agree to forward the Market Access Paper, as a Secretariat paper, to the General Council through the Committee on Trade and Development. As the aim of forwarding the Market Access Paper was to assist the General Council in its discussions on 14 and 16 December, he suggested that the Sub-Committee ask the Secretariat to prepare concomitantly with the paper, but as a non-paper, a short structured list of the main points made during the Sub-Committee's discussion at its two meetings on the issue of market access.

47. The Sub-Committee agreed to forward a revised Market Access Paper, as a Secretariat paper, to the General Council through the Committee on Trade and Development accompanied by a non-paper prepared on the Secretariat's responsibility containing a short structured list of the main points made during the Sub-Committee's discussions on the paper.

D. DIFFICULTIES FACED BY LEAST-DEVELOPED COUNTRIES IN IMPLEMENTING WTO AGREEMENTS

48. The Chairman said that for the last meeting of the Sub-Committee, the Secretariat, at the request of Members, had prepared a paper, "Implementation of WTO Agreements: survey of the difficulties faced by least-developed countries and the current response" (WT/COMTD/W/LDC/10), which described the main areas in which LDCs appeared to be experiencing difficulties, illustrated the scale of these difficulties, and described the steps that were being taken by the Secretariat to assist LDCs overcome them. The paper intended to help the Sub-Committee assess the appropriateness of the current response. Issues touched upon at the last meeting of the Sub-Committee included the need to assist least-developed countries implement WTO Agreements, the need for more technical assistance, the availability of technical assistance in the areas of intellectual property and customs valuation, the relative lack of technical assistance in other areas, the need for coordination among agencies, bilateral donors and the private sector, problems connected with the implementation of the Agreements on SPS and TBT, difficulties arising from the provisions of the Agreements themselves and the level of burden on the LDCs stemming from WTO obligations. A certain number of issues

including debt cancellation and expanded ODA which were not directly under the aegis of the WTO had also been mentioned. At the last meeting the proposal had been made to have the paper on Implementation placed before the General Council. Having decided to forward the paper on Market Access, the Committee might wish to consider whether it would not be suitable to do the same with the paper on implementation. That would not mean that other issues could not be addressed. If the paper were to be accompanied by a structured list of the arguments advanced, it would mean that substantive points made in the Sub-Committee would be of direct benefit to the General Council as well.

49. The representative of Australia said that the Implementation Paper provided useful information, given that technical assistance should be demand-driven and respond to recipient needs. The information provided a useful input into the WTO's own technical assistance and other existing technical cooperation activities. The kind of improved coordination and capacity building that was identified as a key requirement was going to take time to develop. The Implementation Paper was important in helping to ensure that LDCs requested appropriate assistance and that there was adequate follow-up and implementation for programmes aimed at WTO implementation. There were other dimensions, not raised in the paper, which were relevant to LDC implementation. However, improving LDC capacity to implement and in particular to critically examine and assess provisions of WTO Agreements in relation to their needs was an important and fundamental step in promoting greater participation in the multilateral trading system. One of the priorities in Australia's bilateral programme were governance issues which included addressing the kinds of problems identified in the Secretariat paper, but also building institutional capacity to assess benefits, needs and priorities in WTO Agreements. Her delegation saw considerable benefit in it going forward to the General Council. Many of the issues looked at by the Sub-Committee would form an important back-drop to the General Council debate.

50. The representative of Bangladesh said that the paper on Implementation addressed a subject of central concern to all Members. The paper was based on a number of good sources. It pointed out that coordination among various Ministries and bodies within the LDC governments was the number one difficulty in the process of implementation. His delegation agreed with that assessment. It was governments themselves that had to take the lead to tackle that problem. However, the Secretariat and other development partners could assist LDC governments in extending technical assistance in the areas of human and institutional capacity building as well as in the areas of technology and management. Training officials and assistance in the drafting of legislation could help admittedly. The establishment of modern data processing facilities and training of personnel to run and use the systems would help as well. More trade-policy courses, seminars and technical missions mentioned in the Secretariat paper could assist LDC Governments in breaking the existing log-jam and achieving meaningful coordination. However, his delegation did not believe that a "quick-fix" was possible. Longer adjustment periods would therefore be needed for the LDCs with regard to notifications relating to the TRIPS, TBT, SPS and other WTO Agreements. More had to be done to create the necessary institutional and administrative framework to enable LDCs to integrate better into the system. His delegation supported the suggestion to forward the paper to the General Council.

51. The representative of the European Communities agreed that the Implementation Paper should be forwarded to the General Council, similarly to the Market Access Paper. The implementation paper was comprehensive in addressing what he would define as the implementation issue. Other representatives had raised issues such as whether the rules as such were unbalanced, whether they should be reexamined and whether transition periods should be prolonged. All those questions were valuable but they were not part of what his delegation saw as the implementation debate. Those questions were broader and there was value in separating the processes. What would be discussed in December was the application of existing rules and obligations. The more general question of how good those rules and obligations were and if they needed to be changed were not questions of implementation. That question should not be avoided but it should be labelled correctly.

52. The representative of the United States agreed with the observations made by the European Communities regarding the role of the paper in the implementation debate. There was a dichotomy which was worth preserving. There was one piece of information missing: the effectiveness of technical assistance, both from the viewpoint of LDC Members and of the Secretariat. At the last meeting of the Committee on Trade and Development, methods of evaluating technical assistance were discussed. His delegation hoped that an analysis of the effectiveness of technical assistance for LDCs, measuring the difficulties in implementation expressed in the Secretariat paper, could be presented.

53. The Chairman said that there seemed to be support to have a similar process for the Implementation paper as for the paper on market access. It was obvious that points had been made during this and the previous meeting that delegations wished to see reflected in a structured list of points made that would go forward as a complement to the paper. With the agreement of delegations the Sub-Committee would proceed in the same way as for the paper on Implementation.

54. The Chairman said that a number of delegations had pointed to the usefulness of appending structured data to papers, such as Annex 1 in the Market Access Paper. The Sub-Committee had also heard that the Administrative Unit was asking for inputs from Members, both about the establishment of focal points which, again, was information the Secretariat would collate and present in a more structured form to the Sub-Committee, and on trade-related technical assistance more generally. Such information, once received from the various Members, would be put on the website together with information on what was being done by the contributing organizations. That would give a useful overview of the situation on implementation and on market access, since in dealing with technical assistance the Sub-Committee was also dealing with one supply-side aspect of market access. The Chairman also suggested that the Secretariat be asked to collate existing information on market access from the demand side, in the same way as in Annex 1, by country so that such information would be readily available to Members that wished to have an overview.

55. The Sub-Committee took note of the statements made.

E. OTHER BUSINESS

56. The Chairman announced that the next meeting of the Sub-Committee would be scheduled for 15 February, 1999 at 10 a.m.

ANNEX

Statement by Mr. Abdalla Abbas

UNCTAD's Contribution to the Implementation of the Outcome of the High-Level Meeting on LDCs (Geneva, 25 November 1998)

I would like to express, on behalf of the Secretary-General of UNCTAD, our appreciation for giving us this opportunity to brief this Meeting on UNCTAD's activities in favour of the least-developed countries in the context of the follow-up to the High-Level Meeting on LDCs. Our presentation today will focus on the Integrated Framework for Trade-Related Technical Assistance activities, since at the last meeting of the Sub-Committee we had the opportunity of making a statement on other aspects of the follow-up of the High-Level Meeting by UNCTAD, in particular in the area of market access. In this connection, I wish also to refer to some relevant documents available in this room, viz: (i) the Report jointly prepared by UNCTAD and WTO on market access and submitted to the substantive session of ECOSOC last July, and (ii) the Informal Report by the UNCTAD Secretariat on the ad hoc meeting of the Secretary-General of UNCTAD on GSP, GSTP and New Initiatives for LDCs, also convened last July.

Since its inception, UNCTAD has played a pioneering role in mobilizing international support in favour of LDCs. It was the focal point for the preparation of the two UN Conferences on LDCs and has been requested to undertake the preparatory activities for the Third Conference to be held in 2001. We have also been documenting, in the annual LDCs Reports, issues of relevance to the integration of LDCs in the global economy and the international trading system. I wish to mention that Part Two of this year's Annual Report deals with issues relating to the implementation of WTO Agreements, Accession to WTO, Trade in Services, Trade and Environment in LDCs and the Positive Agenda for future negotiations. Given UNCTAD's long association with LDC issues, we were thus pleased to be associated with the preparations and organisation of the High-Level Meeting. We viewed the Meeting and its outcome as a welcome sign that the specific issues facing LDCs were moving up in the international agenda and receiving increased recognition by the international community. While, no one would claim that the kind of issues addressed by the High-Level Meeting would by themselves constitute the solution to all the problems of the LDCs, it is difficult to envisage that their development could take place without their better integration in the world economy. And this in turn requires in almost all cases, considerably enhanced support and technical assistance in the areas of trade and investment. Such assistance of relevance to the Integrated Framework is provided by UNCTAD, *inter alia* in the areas of trade policy and negotiations, trade efficiency and customs reform, developing human resources for trade, investment promotion, enterprise development and technological capability building.

UNCTAD is fully committed to an effective and efficient follow-up of the outcome of the High-Level Meeting and of the Integrated Framework. UNCTAD's role in this regard is being undertaken against the background of the long standing policy of according special attention to LDCs in our technical cooperation. This policy was affirmed specifically at UNCTAD IX in Midrand in 1996. Pursuing this policy, the TDB at its forty-third session, requested the Secretary-General of UNCTAD to elaborate UNCTAD-wide country-level programmes for strengthening supply capacities of tradeable goods and services for LDCs. In the design and implementation of such programmes, UNCTAD was requested to closely collaborate and coordinate with the organizations concerned, such as WTO, ITC, the World Bank, IMF, UNDP, UNIDO and other development organizations to ensure coherence in policy advice and support. In the same context, a Trust Fund for the Least Developed Countries was also established and became operational in early 1997 with the objective of facilitating the start-up of new activities in favour of LDCs and enhancing UNCTAD's technical co-operation

activities in support of these countries. The Trust Fund has received resources amounting to \$4 million from both developed and developing countries. The Technical Cooperation Strategy of UNCTAD, adopted by the TDB in March 1997, reinforced this focus, and indicated that LDCs will have priority in the assistance provided by UNCTAD, and envisaged to increase incrementally their share in absolute and relative terms. In fact, the share of LDCs in UNCTAD's technical cooperation has increased from 31 per cent in 1996 to 40 per cent in 1997.

Following the High-Level Meeting of October 1997, in its Sixteenth Executive Session, last February, the TDB endorsed the Integrated Framework and outlined UNCTAD's contribution to the implementation of the outcome of the High-Level Meeting. In that decision, the Board requested the UNCTAD Secretariat to continue, through inter-agency coordination, to contribute to the needs assessment exercise, including in refining needs assessments; to help LDCs to prepare, jointly with other agencies or partners, multi-year trade-related technical cooperation programmes; to contribute and provide technical support to those round table processes at the country level envisaged in the Integrated Framework; to contribute to the establishment and maintenance of integrated country databases; and to contribute to the implementation, review and evaluation of each country programme through an enhanced coordination process with the other organizations involved. The TDB also requested the UNCTAD Secretariat to ensure that existing relevant technical cooperation activities of UNCTAD, including country-specific, sectoral and other inter-agency programmes, are supportive of, complement and promote the effective implementation of the outcome of the High-level Meeting.

The UNCTAD secretariat is accordingly actively engaged in implementing its technical cooperation towards LDCs according to the provisions of the Integrated Framework. The significant share of LDCs in UNCTAD's technical cooperation is itself an indication of the serious commitment of UNCTAD to provide increased technical assistance to these countries. We attach particular importance to the inter-agency coordination aspects of the Integrated Framework. The inter-agency working group, so ably chaired by Ms. Annet Blank, is conducting its work in an excellent spirit of cooperation. The inter-agency work is facilitated by the Administrative Unit located at the International Trade Centre. As regards support to the Administrative Unit, I am pleased to inform the meeting that UNCTAD has been working closely with the Unit, particularly in the context of the follow-up of the needs assessments. We will continue to do so. In addition, this close cooperation will be strengthened by UNCTAD making available a senior official, located at UNCTAD, on a part-time basis, as from early January at the latest. The details of this cooperation will be discussed with ITC. Finally, as requested by the Executive Director of ITC, UNCTAD will provide an Administrative Assistant for the Unit. Arrangements for this last assignment are being finalized.

It would not be practical in this short briefing to give an exhaustive country by country account of our activities in LDCs, both through country projects and inter-country ones. But I will give some of the highlights of the main LDCs where UNCTAD is actively involved, in particular where we have prepared Integrated Country Programmes (ICPs), or where we are assisting Governments in the preparation of their multi-year technical assistance programmes to be presented at the Round Tables foreseen by the Integrated Framework. We will also briefly refer to activities in LDCs undertaken in the context of the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme in Selected Least-Developed and other African Countries. (JITAP).

Bangladesh: A joint programming mission comprising UNCTAD, ITC, UNDP, ESCAP and ADB was undertaken to Dhaka prior to the High-Level Meeting. On the basis of the recommendations of the mission and the needs assessment report by Bangladesh to the High-Level Meeting, a draft integrated country programme and its supporting programme document were prepared in cooperation with ITC and submitted to the Government.

Cambodia: In Cambodia, the following activities were undertaken: Preliminary ASYCUDA mission, an assessment of trade efficiency, activities relating to accession to WTO and a study tour for one official on WTO-related issues. Work on an investment policy review is being initiated.

The Democratic Republic of the Congo: As a result of a programming mission in January 1998, a technical assistance programme was formulated and sent to the Government in July 1998 in the areas of investment and trade.

Djibouti: A joint UNCTAD/ITC programming mission is planned for December 1998, or early 1999 to prepare a national programme of technical cooperation, particularly with reference to training and investment policy.

Ethiopia: On the basis of UNCTAD's ongoing activities, the needs assessment report and, on; the findings of a mission to Addis Ababa, a framework country programme was drafted and submitted to the Government.

The Gambia: The fifth UNDP Round Table Conference for the Gambia, held in July 1998, agreed to convene a sectoral trade and investment round table, back-to-back with an investment forum in March/April 1999. At the request of the Government and UNDP, UNCTAD is closely involved in the substantive preparations of these two events through the provision of international and local consultants.

Haiti: Based on the findings of a programming mission in April/May 1998 (undertaken together with a national seminar on market access for Haitian exports), proposals for technical assistance from UNCTAD have been formulated. These proposals may be among those to be presented in the context of the overall programme of technical cooperation which the Government intends to submit to a round table meeting presently planned for January 1999. A consultant to assist government in the documentation of this Round Table is presently in Haiti, funded through the UNDP/UNCTAD Globalization project. In parallel, UNCTAD is already proving advice to Government in its negotiations with CARICOM.

Madagascar: A technical assistance programme, funded by France, is being implemented. It comprises four priority areas which have been identified in July 1997 during a programming mission to Madagascar and were subsequently confirmed by the Government's needs assessment for the High-level Meeting. These include competition policy, trade and environment, trade efficiency assessment and establishment of a Trade Point.

Mauritania: UNCTAD is about to start the implementation of a programme of technical assistance, alongside UNIDO and ILO, in the areas of competition policy, trade-related institutional capacity-building and insurance legislation.

Sudan: A Joint UNCTAD/WIPO programming mission visited Sudan from 26 September to 2nd October 1998 and identified new areas where technical assistance would be required in addition to those which had already been identified in the needs assessment.

A framework for technical assistance programme is being finalized and covers areas of trade, enterprise development and investment and technology. Two national seminars on Trade Point and Electronic Commerce and a workshop on investment experience were conducted. It was also agreed that, pending the elaboration of a full-fledged country programme, the following technical assistance activities would be undertaken on a priority basis: Assistance in the drafting of a national competition legislation and in institutional building and reviewing issues related to the development and promotion of enterprise development support services.

Vanuatu: On the basis of its needs assessment report, UNCTAD is assisting Vanuatu in the preparation of a national programme to develop trade-related technical cooperation.

UNCTAD's increasing cooperation on operational activities with ITC and WTO culminated in the launching in March 1998 of the implementation of the UNCTAD/WTO/ITC Joint Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries (JITAP), following the establishment of the Common Trust Fund for financing the programme. JITAP reflects a strong commitment by the three organizations to coordinate their efforts and resources in supporting least-developed and other African countries to participate and integrate more effectively into the multilateral trading system and improve their export competitiveness. The JITAP Common Trust Fund is the first such mechanism established jointly by the three organizations, and needs to attract around \$10 million to cover programme requirements for the beneficiary countries. Of this amount \$7.6 million has already been pledged as of 19 November 1998. Managed by ITC, the Fund is supervised by a steering group consisting of donors, beneficiary countries and the secretariats of ITC, WTO and UNCTAD. For the African LDCs involved, the activities being carried out under JITAP and financed from the Common Trust Fund constitute part of the implementation of activities envisaged in the context of the Integrated Framework.

JITAP has initially focussed on eight African countries, four of which are least-developed: Benin, Burkina Faso, Uganda and the United Republic of Tanzania. UNCTAD's JITAP activities in these four African LDCs amounts to \$1.8 million over a period of the next three years.

The activities of JITAP should help beneficiary countries to strengthen national capacities to address the trade implications of the WTO Agreements including human resource development for which a joint training of trainers seminar is currently being organized in Geneva for about 26 participants from four countries (Benin, Burkina Faso, Côte d'Ivoire, and Tunisia); set up a global electronic discussion forum on JITAP to facilitate exchange of information; conduct national surveys to determine the impact of the WTO Agreements on national economies and external trade patterns, as well as enhance preparation for active participation in future multilateral trade negotiations; adapt their national legislation to WTO rules, and formulate strategies that will allow them to benefit from new market access conditions and make better use of the special and differential provisions for developing countries and LDCs; and also set up trade information systems, formulate business development strategies and adapt business performance tools.
