

**Sub-Committee on Least Developed countries
Twenty-second Session**

NOTE ON THE MEETING OF 6 DECEMBER 2000

Chair: Ambassador Benedikt Jónsson (Iceland)

A. ADOPTION OF THE AGENDA

1. The Sub-Committee adopted the proposed agenda contained in document WTO/AIR/1437.

B. REQUEST FOR OBSERVERSHIP

2. The Chairman recalled that Members had agreed at the 25th Session of the Committee on Trade and Development (CTD) to invite ad hoc observers from intergovernmental organisations, listed in document WT/COMTD/W/22/Rev.5, to observe meetings of the CTD and the Sub-Committee on a meeting-by-meeting basis. He proposed that, the Sub-Committee, following recent practice, should decide to invite the intergovernmental organisation to participate at this 22nd Session and at the next meeting.

3. It was so decided.

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

4. The Chairman that since the 6 July Joint Statement by Heads of Agency, Members had numerous opportunities, at both formal meetings of the Sub-Committee and informal consultations, to seek clarifications on the new arrangements for strengthening the IF. The Chairman believed that the WTO Secretariat and other core Agencies had made strenuous efforts to respond to requests by Members. It was his strong sense that it was time either to move forward, by translating the language of the Joint Statement into action, or to re-think the feasibility of the IF. It was time to move the IF from the platform of the Sub-Committee, out of continuous discussions, begin with its real and practical implementation, and apply it as an instrument of dialogue among LDC governments, multilateral and bilateral donors in the field, with a view to identifying priority areas of trade for funding within existing development architecture. He, therefore, asked Members to comment constructively by making practical proposals.

5. The Chairman then invited the Secretariat to report to Members on the results of the 22nd meeting of the Inter-Agency Working Group, which had been held on 1-2 December, at the WTO, including the meeting amongst Agencies, WTO Members of the Development Assistance Committee (DAC), and LDCs.

6. Mr. Osakwe, Special Coordinator for LDCs, in his report, focused on the essential decisions that had been taken by the IAWG at its twenty second session. First, Agencies had reaffirmed their complete commitment to improve the effectiveness of the IF and had agreed to work closely with donor Members in doing so. Second, Agencies had reaffirmed the earlier decision on the absolute

necessity of mainstreaming the IF into the overall development policies of LDCs and into their Poverty Reduction Strategy Papers. This re-affirmation had been based on the consideration of the Agencies that one of the reasons for the limited achievements of the IF had been that it had been pursued on a stand alone basis.

7. Third, in reaffirming the decision on mainstreaming, Agencies had explicitly agreed to discourage LDCs from undertaking stand alone trade sector Round Tables because of their limited value. In the light of the objective of effectively improving the IF and in the light of the experience of the past three years, it would be better to mainstream the IF and all IF activities into the overall development priorities of LDCs and into existing development architecture, such as World Bank Consultative Group meetings and PRSPs. Agencies had agreed that a mainstreamed IF would yield greater dividends and increase the value of the IF process for LDCs. In taking this decision to discourage stand alone round tables, Agencies had recognised that they were interacting with sovereign LDCs, and that in some cases, an LDC might decide, for whatever reason, to proceed with a stand alone Round Table. If this were to be the case, the core Agencies would not participate collectively as the IAWG of the IF, but that Agencies, individually, would decide on how to respond, as appropriate, within their resources and within their institutional mandates. He underlined that there should be no misinterpretation of the Agencies' decision on mainstreaming. The decision had simply meant to improve the value and the dividends that would accrue to LDCs as a result of the Joint Statement and the new arrangements for a more effective IF.

8. Fourth, Mr. Osakwe said that Agencies had decided to expand the donor community in the IF Steering Committee, to now include not only contributing donors, but also bilateral donors with significant contributions to LDCs' trade-related technical assistance. This decision effectively modified the original terms of reference on the composition of the IF Steering Committee.

9. Fifth, it had been decided, in response to concerns by Members on the need to mainstream IF bureaucracy, that the IAWG would meet in different capacities, as the IAWG, qua the IAWG, which the WTO chaired, and also as a Board of Trustees for the proposed IF Trust Fund, to be chaired by UNDP. This decision had been taken by Agency officials to respond to Members' concerns that the bureaucracy of the new arrangements might be heavy and that there should be some streamlining. Sixth, Agencies had re-affirmed their decision at the 21st Session of the IAWG to jointly co-sponsor a seminar on, "The Policy-Relevance of Mainstreaming Trade Into Country Development Strategies – Perspective of LDCs", 29-30 January 2001. The WTO had submitted a draft programme to other Agencies for comments. The revised draft program would be circulated shortly. As this would be the first time that the Agencies, the trade, development, and finance communities would be plumbing the depths of the subject. This seminar on mainstreaming would be an expert-based seminar with participants, being invited based on country experiences. The results of the seminar would be one of the contributions that the Agencies would make to the Third UN Conference for LDCs (LDC-III).

10. Beyond the above six decisions, Mr. Osakwe reported on other pertinent developments. He informed the Sub-Committee that for the first time, all the Agencies had submitted inputs on specific projects that each of the six core Agencies could deliver under the three Window configuration in the draft terms of reference for the proposed IF Trust Fund. Based on the Agency inputs, the IAWG had been able to put together project modules under the three Windows. The draft modules could be in circulation as early as the following week. The Agencies were of the same understanding that the Windows needed to function in logical coherence in order to be meaningful.

11. The Sub-Committee was informed that the Agencies had agreed, based on a proposal by the International Trade Center, to collectively participate in a seminar on a Business Sector Round Table at the forthcoming LDC-III. Agencies had commented on the draft by the ITC, and the revised draft would be in circulation for Members as soon as possible.

12. Finally, Mr. Osakwe reported on the meeting amongst WTO DAC Members, LDCs and the core Agencies on 1 December 2000. At that meeting, Agency representatives had responded to concerns expressed by Members, and had provided clarification on issues raised by them. Those Members that had taken the floor had expressed their positions on issues raised. Agencies had considered that they had taken decisions and had made proposals that they believed would strengthen the IF, and assist the effective implementation of the IF and the integration of LDCs into the multilateral trading system and the global economy. The Agencies believed that it was now up to Members to reach a common position, and to respond as appropriate to support the efforts of the Agencies to improve the implementation of the IF.

13. The Chairman thanked Mr. Osakwe for his report regarding the IF.

14. The representative of the United States listed her concerns regarding the implementation of the IF, in light of the meetings with the IAWG as well as with some donor countries and some LDCs. She noted that there were still some fundamental problems which had not been addressed. While the United States was committed to the IF and improving its performance, it was opposed to the IF Trust Fund that had been recommended. The idea of a dedicated Trust Fund was found to be logically inconsistent with the universally endorsed principle of mainstreaming trade into overall development assistance and therefore should be eliminated. On the other hand, the United States supported the establishment of an IF Steering Committee and the work of the IAWG. Moreover, the United States could not reconcile the original design and purpose of the IF with its current directions. If the IF was headed towards a new bureaucracy equipped with a Steering Committee, the IAWG and a Trust Fund with a Board, then this new structure would go beyond the mandate that had been established in 1997. While the United States recognised that there had been a mandate to conduct a review and make some adjustments to the IF, there should have been some kind of approval from Members.

15. The United States had considered suggestions by some LDCs and some bilateral donors that perhaps they should be more constructive and draft proposals in response to the Agencies. The representative stated that her country was ready to do so, and would welcome any suggestions to draft the terms of reference for the IF Steering Committee and the IAWG.

16. The United States was strongly committed to the delivery of trade-related technical assistance. She noted that the United States had strengthened its involvement in the IF, and had used its resources to participate in and support some of the Round Tables that were imminent, including the involvement in projects. For instance, the United States was active on the forthcoming Zambia Round Table. Since her country had recognised that there was a cost to preparatory activities, it had contributed funds to the preparation of the Zambia Round Table.

17. The representative recalled the questions that had been addressed at the meeting with the IAWG and Members on 1 December 2000, to the representatives of the IAWG, particularly to the World Bank, concerning the costs and the justification of the proposals for funding of mainstreaming. In the view of the United States, the responses had been far too general and not precise enough. The United States could not endorse the proposed IF Trust Fund, without more specific details as to what ends the funds would be put. Furthermore, she recalled that the original idea about the IF Trust Fund had stated that the bulk of the funding would be expended on mainstreaming. In the view of the United States, there seemed a conflict of views on how to define mainstreaming or on what mainstreaming meant. For the United States, mainstreaming simply meant coordinating the existing programmes. She reiterated the United States's position on the Trust Fund, however, stated that her delegation was disposed to seeing how they could be helpful with specific funding requirements but outside the establishment of a Trust Fund.

18. She reiterated that the United States was ready to consult with LDCs and other Members to make the adjustments to the draft terms of reference for the IF Steering Committee and the IAWG, in

order to avoid the establishment of new bureaucracies. The United States was also prepared to consult on funding requirements for the IF. Moreover, she added that the United States had been at the forefront of the recent successful efforts of the World Bank to make trade an integral part of their pronouncements and activities. However, her delegation found it difficult to see how these initiatives and recent pronouncements were coherent with the specifics of the IF. The United States urged the World Bank to be persuasive in its interaction with finance ministers, for example, in order to assist LDCs' trade representatives to integrate trade into the country's development agenda and to identify its trade priorities as an instrument for poverty alleviation. The ultimate goal in the WTO was to see LDCs integrated into the multilateral trading system so that they would be able not only to meet their WTO commitments but also to derive the benefits of those commitments. The representative believed that the World Bank in particular had an enormous amount of expertise that could help reconcile these two goals.

19. The representative of Lesotho welcomed the recognition by the IAWG that there was a need to enhance the role of bilateral donors in the current process. Lesotho shared the view expressed by the US that by calling for a more increased participation of bilateral donors in the IF, they did not want to minimise the role of the IAWG. The participation of bilateral donors should be seen as complimentary to the Agencies' role. Moreover, he noted that there appeared to be a general agreement on the proposed amendments to the IF as a result of the review, and the he only remaining problem was the funding mechanism. He therefore proposed to the Chairman that informal consultations be held, as soon as possible, on that issue in order to explore other funding possibilities with a view to ensuring the continuation of the IF. He noted that without any agreement to a funding mechanism, the IF would not be able to function. He hoped that informal consultations could identify an arrangement that would satisfy all the stake holders, bilateral donors as well as the Agencies coordinating the implementation of the IF.

20. Lesotho agreed with the United States on the position that the World Bank had a great role to play in assisting and guiding LDC governments in their mainstreaming activities, by using their influence to ensure that trade policy issues were not sidelined relative to other policy areas. Trade policy had a significant role to play in achieving the priority objectives of LDCs. Such role of the World Bank could also be applied to the UNDP, that had an extensive network in LDCs and considerable influence on LDC governments. The two agencies could considerably contribute to the effective implementation of the IF and ensure that the necessary political commitments were expressed by the recipient country.

21. The representative of the European Communities emphasised the need to move the process forward and expressed his delegation's full commitment to the process. The EC was most interested in the practical steps that needed to be taken to make progress. The representative some questions regarding the project modules, asking whether those modules were based on the Round Tables that had taken place or whether they were actual projects or a group of projects. He noted that it would be better to proceed on a pilot or case-study basis to understand how it could work. Another question he raised was how much Window I could cost. It was important and necessary to "put figures on the table" in order to give decision-makers who controlled budget lines an idea of the amount of money needed. He stressed that all windows should be defined as clearly as possible and that an justification had to be provided to each estimate.

22. He recognised that if the World Bank and UNDP needed to convince LDCs that a trade chapter should be included in their PRSPs, mainstreaming would cost money. Mainstreaming would therefore involved outlining the benefits by undertaking such a study, drafting a trade chapter, and making the case as to how it could support their other development priorities such as education and health. He emphasised that it was essential for the IAWG to explain its approach, decisions and proposal, if they wanted to convince Members of the utility of Window I.

23. Finally, the representative asked the US representative what "approval of the proposed IF Trust Fund" she had meant in her statement. He wondered whether she had meant the United States considered that a full consensus decision was required for setting up a Trust Fund or the United States would not pay if the Trust Fund was set up? The representative stated that he would like receive an answer in order to better understand how the process could be moved forward, including on the decisions which might have to be taken.

24. Mr Osakwe, in response to the questions raised by the EU representative, said that there had been no criteria for the Agencies to make inputs on the projects that they could deliver under Windows I, II and III. Nonetheless, the Agencies had taken into account of the past experience from the previous Round Tables and of the integrated responses that the Agencies had provided in response to the needs assessments submitted by LDCs since 1997. In response to the second question as to whether they were specific projects, he responded that at that point, they were projects in a programmatic form, or grouped projects. He added that they would become specific projects once particular individual LDCs were identified, thereby providing the framework for the definition of country by country projects.

25. In response to the question on costing, Mr Osakwe said that the Agencies had been hesitant to provide any further financial estimates based on the reaction by Members to the funding objectives established by Heads of Agency in July 2000. The Agencies considered that it would be better to approach, at this time, by setting out the project modules, as had been done, under the three Windows, and then on the basis of interactive participation with Members and of disposable resources, a decision could be jointly taken on costing. With regard to the cost of mainstreaming, he agreed with the statement made by the representative of the United States in which she had recognised that mainstreaming entailed a cost. He reiterated that cost specifics were better taken up interactively with Members.

26. Mr. Osakwe responded to issues raised by the United States and Lesotho on the role of the World Bank and UNDP on mainstreaming. The 6 July statement had been clear on the primary responsibility of the World Bank for mainstreaming under the arrangements for the IF. All the other Agencies were confident that the Bank was pursuing this responsibility with diligence, within its competence, and within its resources.

27. He stated that the Agencies were also dealing with the policy inertia from the old IF. For instance, there was the momentum in already established Round Tables, such as for Zambia. In this regard, USAID was providing significant resources and consultants who were currently in Zambia to assist with its Round Table. The consultants had also recently met with the core Agencies in Geneva, to try and conclude the arrangements for the Zambia Round Table. Notwithstanding the fact that the arrangements for a Round Table in Zambia were on-going, as part of the old IF, the agencies still hoped that they could steer it into a PRSP and eventually into Consultative Group meeting scheduled for mid-2001. The important objective for the Agencies was to ensure that trade priority areas of action became integral to the country's development objectives. The agencies were currently waiting for the second set of report from USAID on the assistance they were currently providing to Zambia for the preparation of the Round Table.

28. The representative of the United States, in response to the EC's question, said that her delegation did not consider that mainstreaming and the proposed Trust Fund were complementary. In the view of the US, mainstreaming meant the coordination of existing programs with a view to achieving coherence in the delivery of technical assistance to LDCs within the context of the IF. The United States, however, recognised that there were some costs to preparation, and therefore her country was absorbing some of these costs, as in the case of Zambia. She underscored the importance of improving coordination on existing programmes of the six Agencies, as well as of ensuring that those coordinated agency programmes were linked with on-going programmes of bilateral donors.

The coordination of multilateral and bilateral agency efforts, within the demand-driven technical assistance process, would significantly contribute to the integration of LDCs into the multilateral trading system and also benefit from such integration. Although current discussions focused on trade, and on how trade could be integrated into LDCs' overall development and poverty reduction objectives, it should not be forgotten that, in addition, the United States had major funding programs for natural disasters, wars, etc. She repeated that the United States did not support the creation of the IF Trust Fund as it considered that the answers provided in response to questions on the details of the proposed trust fund had general and imprecise. Nonetheless, she welcomed the seminar to be held in 2001 on mainstreaming which would help better understanding of the concept of mainstreaming.

29. She clarified that the opposition of the United States to the proposed IF Trust Fund did not mean that other Members who supported the idea could not proceed with it. However, her immediate concern was that the draft terms of reference seemed to suggest that if one did not contribute to the proposed Trust Fund, then the role of active, but non-contributing bilateral donors would not be recognised in the IF Steering Committee that would make decisions on the IF. The United States was active, as indicated by Mr Osakwe, on specific Round Tables, and it intended to remain active on Round Tables and on in-country activities. She therefore felt odd that a country, that was a bilaterally active participant in the IF would suddenly be left out of the decision-making process, if it was supportive of the IF Trust Fund.

30. The representative recalled the position of LDCs that the IF should not stop holding of Round Tables and that follow-up, after the Round Tables, was extremely important. In this connection, the United States was supportive of bilateral efforts to follow up. She reiterated that the United States would continue to stress the importance of a more significant role for bilateral donors in the IF, and there was no intention that such role for bilateral donors would replace the significant role played by the six Agencies.

31. The representative of Tanzania noted that not much progress had been made on the IF 3 years and that political commitment was essential on the IF for progress to be made. She noted that, as far as resources were concerned, most LDCs had written their needs assessment and expected the international community to provide the resources in order to implement their projects and integrate better into the multilateral trading system. For LDCs, it was essential the resources were made available for effective implementation. Tanzania welcomed the efforts and commitments by the bilateral donors, but urged that such donations should be geared towards strengthening what was already on the ground.

32. She associated her delegation with those who had underscored the importance of a more active role for the World Bank in mainstreaming. Significant progress could not be made without the active engagement of the World Bank since LDCs could not meaningfully integrate a trade agenda into their development plans, "if their budgets were controlled" by the World Bank. The World Bank often determined country's budgetary priorities, and thus it could dictate the prioritising of trade in the budget. Therefore, the role of the World Bank was decisive for the successful and effective functioning of the IF. She expressed frustration with the slow progress made on the IF and appealed for the help of the international community to ensure that the IF was successfully implemented.

33. The representative of Norway welcomed the willingness on the part of the Agencies to take account of the role of the bilaterals in the IF Steering Committee. Norway supported earlier comments on the role of the World Bank on mainstreaming. Moreover, Norway expressed its willingness to look at the IF Trust Fund if a clear understanding on the details of the Trust Fund was established. The representative welcomed a paper to be submitted on project modules for the IF, which his delegation would study carefully. Finally, Norway was interested in participating in any consultations with a view to moving the process forward.

34. The representative of Sudan (Observer) stated that the accession to the WTO was the most importance issue for his country, as well as for other LDCs, such as Nepal and Yemen. The accession process was particularly complex for LDCs, despite of their willingness to integrate institutionally into the WTO. To this end, it was very important for acceding LDCs to receive substantial assistance which would enable them to integrate into the WTO. He recalled that Sudan had identified accession as one of its priorities in the needs assessment three years ago. Sudan had been spending a large amount of money on the accession process, including on training staff and travelling to Geneva for the initiation of accession negotiations. Therefore, Sudan hoped that the IF Trust Fund would provide funds to LDCs in the accession process, by providing assistance to strengthen their capacity to negotiate.

35. Mr Osakwe, in response to the comments made by Tanzania, said that the World Bank was as committed as every other agency in supporting the efforts of LDCs, including through mainstreaming within its existing resources. Nonetheless, he said that he would convey the views expressed to the World Bank representatives.

36. In response to the comments made by Sudan, Mr Osakwe said that the project modules submitted by the WTO to the IAWG had included projects on accession under Windows I and II. Accession was one of the priority areas for WTO technical assistance to LDCs. He recalled that the WTO Secretariat had recently sent a team to Sudan and had provided accession support to Sudanese officials.

37. The Chairman thanked delegations for the useful comments and suggestions that had been made. He said that he was particularly encouraged by those positive comments that had expressed willingness to move forward with the IF. He added, however, that there were obviously still some gaps that had to be closed. Moreover, there was still scope on reaching a common understanding on how the IF would be implemented. He hoped that these gaps could be closed as much as possible in the coming weeks. He also noted the support by Members of the of the Sub-Committee to proceed with the joint seminar on mainstreaming, as the first step in the implementation of the IF. Following a suggestion by Lesotho, the Chairman said he would conduct informal consultations as suggested, in order to reach a common understanding on the implementation of the IF.

38. The representative from Lesotho thanked the Chairman for accepting to conduct informal consultations. He said that it would also be crucial to set a timeframe within which Members would conclude the consultations so that the outcomes of the consultations could be submitted to the next meeting of the IAWG for consideration. He hoped that by the time of the next Sub-Committee meeting in the following year, there would be understanding on the funding mechanism amongst the stake holders. If this were not the case, he doubted that any significant progress could be made on the IF.

39. The Chairman agreed to consider Lesotho's suggestion of a time-frame on the consultations and that the Secretariat would be in touch with Members in this regard.

40. The representative of the United States said that, as indicated earlier, her country would support consultations that had been suggested by Lesotho. She wondered when the IAWG would meet again and whether the IAWG intended to reach an understanding on some of the issues raised, and whether the group would provide some more details.

41. Mr Osakwe responded that the core Agencies would be receptive to inputs from Members. Regarding the expected date for the next meeting of the IAWG, it had been left as an open question because the Agencies were awaiting a response from Members.

D. THIRD UNITED NATIONS CONFERENCE ON LEAST-DEVELOPED COUNTRIES: POSSIBLE CONTRIBUTION BY THE SUB-COMMITTEE

42. The Chairman stated that Members already had sufficient background to the forthcoming LDC-III Conference, to be held in Brussels, 14-20 May 2001, and that they now needed to decide on what contributions the Sub-Committee could make to the Conference. He recalled that at the informal session held on 17 November 2000, Members had suggested possible areas of contributions, which had included accession, market access, services, trade-related technical assistance and capacity-building, and the implementation of the revamped Integrated Framework, including mainstreaming. After consulting with the Secretariat, and considering the various discussions that had been taken place in the Sub-Committee on the Integrated Framework, he believed that impediments to the integration of LDCs into the multilateral trading system and global economy needed to be addressed on two fronts, namely, market access, and trade-related technical assistance.

43. The provision of appropriate trade-related technical assistance was essential for LDCs to reap the maximum benefits that market access opportunities offered. Therefore, the Chairman believed that an important opportunity for the improvement and the effective implementation of the Integrated Framework could not be missed. He urged those Members who could become pro-active on the IF, to support it and to ensure that it would deliver technical assistance to LDCs. Similarly, he appealed to those Members who could not act in support of the IF, not to block positive action by those who wanted to move forward.

44. On market access, the Secretariat had already started to compile factual information on the current market access conditions for products originating from LDCs. This factual compilation and the improving market access opportunities for LDCs would be taken up in the next item of the agenda.

45. On trade-related technical assistance, which was the IF in the LDC context, the Chairman thought that it would be useful to have an in-depth study of mainstreaming. This study would address the role that trade could play in addressing LDCs' development priorities, such as poverty reduction, infrastructure development, debt relief, attraction of foreign direct investment, etc. One of the main reasons that the IF had not functioned as effectively as it should have was that trade policy was still not linked to other development priorities in LDCs' poverty reduction strategies. The Global Economic Prospects, published by the World Bank in December 2000 had also highlighted this "trade problem", namely, that "weaknesses in trade-related policies continued to impede growth in many of the poorest countries".

46. Given that the majority of Members had supported the concept of mainstreaming in the new arrangement that had been proposed for the IF, the Chairman believed that a study on mainstreaming, defining the role of trade in LDCs' poverty reduction and development strategies, would be the best possible contribution that the Sub-Committee could make to LDC-III, along with a study on market access. The study could be based on the outcome of the joint IF seminar which was scheduled for the end of January, 2001. The Chairman, therefore, sought the views of Members on the possible contributions by the Sub-Committee to LDC-III in the areas as follows, (i) concrete support by Members for the effective implementation of the Integrated Framework, which would provide the basis for a report to LDC-III; (ii) a factual study on current market access opportunities for LDCs; (iii) a study on mainstreaming, based on the joint IF core Agency seminar to be held in January 2001; and, (iv) a status report on LDCs' accession to the WTO.

47. The Chairman believed that these were areas where the WTO could put together a meaningful package for addressing the impediments facing LDCs, in order to facilitate their integration into the multilateral trading system and the global economy. He said that Members should feel free to expand the scope of his suggestions.

48. The representative of Lesotho stated that Lesotho shared the same views as those expressed by the Chairman with regard to the possible inputs of the Sub-Committee into the preparations for LDC-III. He underlined two critical issues in ensuring for the success of the Conference. First, it was important to have a strong and coordinated participation by the civil society in the Conference, such as the private sector, on trade issues. One of the areas in which Lesotho believed there was room for work to be done was on market access. While much time had been spent on seeking for improvements in market access for exports from LDCs, a corresponding effort had not been made to educate the private sector on the market access opportunities that existed and those to be achieved. The Conference could therefore be a great opportunity to engage the private sector and to educate them existing market access opportunities, and on the conditions, if any, for taking advantage of them. Agencies should prepare modules that would respond to the needs of the private sector, particularly on the use of market access opportunities. This was important because the impact of market access opportunities would be ultimately judged by how much LDCs were able to take advantage of them.

49. Second, Lesotho considered that the IF was the best coordinating mechanism and platform for trade-related technical assistance, and believed that essential issues needed to be highlighted at LDC-III. In particular, it was important for the Agencies and the bilateral donors to coordinate their efforts and to ensure that there was no duplication of their assistance programs. Such unity could only be achieved they agreed on the priorities and the message they wished to convey to the Conference. Reaching a common understanding between the Agencies and bilateral donors could be sought in the context of the Sub-Committee.

50. The representative emphasised that the issue of accession would also be paramount at LDC-III, and therefore, that the Sub-Committee had to be seen to be fully committed and supportive of those acceding LDCs. The Sub-Committee had to take concrete steps to address some of the concerns that Members had raised in regard to the accession process, which would be the issues for the Sub-Committee to discuss and then present as part of its contributions to the Conference.

51. The representative of the European Communities said that the Conference was an important event and that the Sub-Committee needed to reflect carefully on what its inputs should be. The role of the WTO at this Conference was to make use of its trade expertise in the contributions. The EC noted that a draft Global Plan of Action for the Conference had been circulated, and requested for a short overview and initial reactions from the WTO Secretariat as to whether the approach taken in the Plan of Action was in line with the views of the organisation. The EC would also like to know whether the WTO had commented on the draft Global Plan of Action.

52. The representative noted that WTO had undertaken a lot of work, such as market access, the IF and the mainstreaming seminar, and that the EC fully support their work. He also suggested that the proposed study on market access could take account of all markets, including those market access conditions prevailing in developing country markets. Another important issue for the EC was the implementation of the WTO agreements, which the delegation considered as part of the general debate on integrating LDCs into the multilateral trading system. Implementation was linked to the provision of effective technical assistance. He also supported the emphasis by several LDCs for priority to be accorded to the issue of accession, by highlighting the fact that since the WTO had been established, no LDC had acceded to the WTO. This showed that the problem had to be addressed in an expeditious manner. Finally, he raised the issue on regionalism, in what benefits would be there for LDCs. He suggested that the WTO as the competent organisation could provide some input on the benefits and problems of regionalism for LDCs.

53. Mr. Osakwe said that, in response to the EC's question regarding the draft Global Plan of Action, the WTO had received the draft from UNCTAD and that the WTO was one of several agencies from which UNCTAD had requested reactions on the draft. He said that the Director-General of the WTO had asked Mr. Osakwe to coordinate consultations within the Secretariat on the

draft that had not been concluded. Therefore, he was not in a position to provide the reaction of the WTO Secretariat to the draft.

54. On market access, Mr Osakwe said that based on earlier studies and experiences of the Secretariat, the data to be used in the proposed study would essentially be from the Integrated Database (IDB) that contained data submitted by WTO Members. He added that in the study, the Secretariat would point to recent developments on market access that had been announced by several Members, including the proposal by the European Commission, New Zealand, Canada and the United States on the African Growth and Opportunity Act. On the range of countries that would be involved, Mr Osakwe said that, all countries involved in trade with LDCs, as reported in the IDB, would be included in the factual study, based on the tariff lines used, and the value of traded products by importing countries from LDCs. In an initial exploration of the data, the Secretariat had identified approximately 34 countries which were involved in trade with LDCs. The market access situation appeared to have improved since the last study conducted by the Secretariat.

55. On implementation, Mr. Osakwe noted that no proposals had been made either by the Chairman or by Members for the Sub-Committee to contribute to LDC-III on the subject. Implementation was being treated within a very specific context in the WTO. Mr Osakwe noted the point raised by the EC that no LDC had acceded to the WTO since the coming into existence of the Organization. He further noted the statements that had been made in support for a factual status report on LDCs' accession as one of the Sub-Committee's contributions proposed by the Chairman. Finally, he said that the subject regionalism fell within the remit of the Committee on Regional Trading Agreements, and that he would convey the issue raised by the EC to the Development Division.

56. The representative of Haiti said that his country was supportive of the approach suggested by the Chairman with regard to WTO contributions to LDC-III, as the points underscored by the Chairman properly reflected Haiti's concerns. He emphasised that it was imperative to prepare for the Conference with concrete contributions that the WTO had already begun to deliver. Haiti considered that the Chairman's approach was practical and would demonstrate that the WTO was bearing the main burden of integrating the LDCs into the multilateral trading system and the global economy. He added that the Conference should support the WTO in areas where it did not have resources, such as in the area of strengthening the productive capacity of LDCs, in order to make use of their of their market access opportunities. Lack of resources were impeding efforts to address the supply-side impediments of LDCs. Moreover, he welcomed the seminar that the core IF Agencies would hold on the subject of the Integrated Framework, and whose results would serve as useful inputs to LDC-III.

57. The representative stated that his delegation was delighted at the WTO/UNCTAD collaboration in preparing for the draft Global Plan of Action. This demonstrated the coherence that needed to be achieved, for instance, through the IF. He hoped that this collaboration between the two sister organisations could provide a model of coordination among various agencies, to assist LDCs in integrating at all levels. Haiti emphasised that while LDC-III took a broader approach encompassing more than the WTO, the WTO should demonstrate its full participation at LDC III by making concrete contributions.

58. The representative of the United States expressed the support of her country for the efforts underway in contributing to the success of LDC-III. In the view of the US, the Conference was an opportunity for the WTO to demonstrate the benefits of further trade liberalisation in a rule-based system to LDCs. Furthermore, the Conference would provide an opportunity to discuss the importance of mainstreaming trade into country development strategies. It would also be an occasion to demonstrate the contributions of donors and agencies in support of LDCs. The US hoped that the contributions to be provided by the Sub-Committee would reflect the ongoing efforts to expand market access, to provide technical assistance and increase trade-related capacity building for LDCs.

The United States agreed with the view expressed by Haiti that there should be an effective presentation of what the WTO had already begun in its efforts at integrating LDCs. She hoped that contributions by the Sub-Committee would fully reflect the already identified areas. Moreover, she added that any consultations held on the IF should be able to produce a ready made package for the Conference, including case examples of successful Round Tables and projects underway in the IF.

59. The representative of Uganda recalled that he had had the opportunity to attend both LDC-I and LDC-II. At these two previous conferences, the emphasis had been to request LDCs to liberalise, to carry out macroeconomic reforms and to take advantage of an open trading system. The record was clear that LDCs had made substantial progress in reforming and restructuring to meet the targets that had been expected of them. Uganda was looking forward to the contributions on how the WTO would promote a conducive international environment for the integration of LDCs in the multilateral trading system. He hoped the Sub-Committee to indicate the efforts that the WTO had made and the needs of LDCs that had to be met.

60. The representative noted that LDCs expected some deliverables from the Conference, hopefully, including the implementation of the IF. Although the IF had acquired a high profile, it appeared that the more it was discussed, the more it became an anti climax. He hoped that by the Conference, there would be an indication that those problems had been fixed, and that it was being taken seriously by donors and the Agencies. He was grateful to those market access opportunities that had been offered, although there were problems, such as technical barriers to trade, inhibiting the enjoyment of those opportunities. All these issues were linked to the IF, and he hoped that these problems would be solved in time for the Conference. Moreover, he was interested in the question raised by the EC regarding regional arrangements and possible benefits that those agreements offered to LDCs. On the issue of LDCs' accession to the WTO, he expressed the disappointment that no LDCs had acceded to the WTO since the establishment of the institution.

61. The representative of Nepal (Observer) endorsed the views expressed by Uganda, Lesotho, Haiti, Sudan and Tanzania. As Sudan had pointed out, the priority need of non-member LDCs was WTO accession. Nepal found that the accession process was inconvenient as some Members demanded "WTO plus" in the accession negotiations. Recalling that no LDC had been successful in acceding to the WTO in recent years, he urged Members to respect the Enabling Clause (Decision of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries) when they conducted bilateral market access negotiations with the LDCs. Currently, acceding LDCs were subjected to "confusion and discomfort" by Members with whom they were negotiating accession. Therefore, his delegation considered that in preparing WTO's contributions to LDC-III, it was essential to take account of the Enabling Clause, the Comprehensive New Plan of Action of Sun City, South Africa, and the proposals in favour of LDCs that had been submitted in the preparatory process for the Seattle Ministerial Conference.

62. The representative of Tanzania supported the Chairman's proposals for possible contributions by the WTO to LDC-III. She concurred with the statements made by Haiti, Lesotho, Nepal, and Uganda. Moreover, Tanzania welcomed the announcements made on market access, and emphasised the need to address supply side constraints of LDCs in order to take advantage of existing market access.

63. The Chairman thanked delegations for their comments and contributions. He was encouraged by the endorsement by Members of the proposals he had made. In the absence of any objections, he considered his proposals as agreed, and would ask the Secretariat to begin working on the agreed proposals, while taking into account the comments and suggestions made by the delegations. He hoped there would be an update on the work underway at the next meeting of the Sub-Committee.

E. MARKET ACCESS FOR LDCs

64. The Chairman stated that the situation regarding to market access for LDCs was improving significantly and, in his view, favourably. Since the last Sub-Committee, positive announcements and notifications had been made by the Governments of New Zealand and Canada. The European Commission was also continuing to pursue its proposal for duty-free, quota-free market access for all LDCs exports, except arms). The United States had elaborated on its African Growth and Opportunity Act, which offered concrete and significant opportunities for African countries, 33 of whom were LDCs. He invited those Members who had not made their announcement formally at the Sub-Committee to do so. Moreover, several Members had made notifications to the Secretariat concerning their existing or proposed market access improvements in favour of LDCs, in response to the Director-General's letter requesting information on market access conditions.

65. The representative of New Zealand reiterated the recent announcement made by the Prime Minister of New Zealand of the provision of duty-free and quota-free market access for all products from LDCs, effective July 2001. She said that there would be no phasing, no exceptions and no conditionalities for the initiative. As a result, New Zealand's duty free access would be increased to 100%, as opposed to the current 97%. The current value of imports from LDCs into New Zealand totalled 21.3 million New Zealand Dollars. Although the value of trade involved might not be large, she urged all other Members, particularly those countries which had the largest markets for the exports of LDCs' products, to join New Zealand in its initiative for duty-free and quota-free access for all products.

66. The representative of Haiti thanked New Zealand for having made the effort to implement the decision that had already been taken in favour of LDCs at the meeting in South Africa to give duty-free and quota-free access, without any conditionalities. The EU had also made a similar proposal, and Haiti hoped that other Members would follow suit.

67. The representative of Uganda also thanked New Zealand for having responded to the decisions taken by LDCs in the Sun City declaration. He hoped that existing market access opportunities would be highlighted at LDC-III, since such opportunities were often unknown to beneficiary LDCs. There was a need to publicise those market access improvements, particularly for the business community, as had been previously mentioned by Lesotho. The main challenge therefore was how to assist LDCs in taking advantage of the opportunities. Uganda had, in previous meetings, expressed their gratitude to the US and the EC which were their largest markets.

68. The representative of the European Communities welcomed New Zealand's announcement and emphasised that market access for LDCs was also an issue for all non-LDC WTO Members.

69. The representative of Zambia thanked New Zealand and emphasised the need for publicising New Zealand's offer to all LDCs.

70. The representative of Hong Kong, China welcomed New Zealand's announcement. He reminded Members that Hong Kong, China also provided duty-free and quota-free access for all LDCs' exports, and called upon other Members to enhance market access for LDCs.

71. The representative from Lesotho thanked the New Zealand for its announcement of improved and unconditional market access for LDCs' exports. He also expressed appreciation to Hong Kong, China for its duty-free and quota-free access for all LDCs' exports. He said that it was important for the product scope of market access initiatives and improvements to be as extensive as possible. Therefore, Lesotho was encouraged to hear that New Zealand's initiative covered all products. Furthermore, he added that there should be guidelines for the use of some trade instruments, such as rules of origin, that could influence how much LDCs could take advantage of market access

opportunities. One of Lesotho's main export products was textiles where it experienced some problems arising from the ambiguity in the application of rules of origin by country.

72. The representative of Tanzania thanked New Zealand, the EC and Hong Kong, China for their market access initiatives. At LDC-III, Tanzania hoped to see other Members joining and expanding their initiatives.

73. The representative of New Zealand thanked those who had expressed appreciation for the announcement by New Zealand, and assured that New Zealand had done its best to publicise the announcement through its overseas posts, in particular to those LDCs with whom New Zealand had established a trading relationship. She added that New Zealand would continue to provide technical assistance in the area of market access and would work on ways to ensure that LDCs could make the most of the opportunities provided.

74. The Chairman thanked Members for their contributions and statements made. He also encouraged those Members who had not made notifications to the Secretariat to do so before the next meeting of the Sub-Committee, at which occasion he would revert to this item with a view to establishing the factual status of market access opportunities in favour of LDCs.

F. DRAFT WORK PROGRAMME FOR 2001

75. The Chairman reminded Members that the activities of the Sub-Committee in 2000 were reported in document WT/COMTD/28, which had been discussed at the last session of the Committee on Trade and Development. The Sub-Committee's activities were reported in Section III, from paragraph 33 to 38, of the document. The Sub-Committee had spent much of its efforts in the follow-up to the 1997 High Level Meeting, focusing, in particular, on the Integrated Framework for Trade-Related Technical Assistance to LDCs. Under the draft Work Programme for 2001, the Chairman noted that the Secretariat had incorporated the suggestions made by several Members at the informal consultations held on 17 November 2000. He then invited Mr. Osakwe to introduce the draft Work Programme for the Sub-Committee for 2001.

76. Mr Osakwe stated that the Secretariat had taken account of all the views that had been expressed, including those from the last informal consultation of the Sub-Committee. He highlighted several points as follows: (i) five formal meetings were now proposed instead of the previous four, in the light of the necessary preparatory activities for LDC-III; (ii) the Secretariat had proposed two regional seminars for LDCs, which would focus on Customs Valuation and TRIPS, in response to LDCs' implementation concerns; (iii) the scheduling of meetings for the Sub-Committee had now taken account of other activities that would bring LDCs' representatives to Geneva, as having suggested by Canada, such as Geneva Week and the Short Trade Policy Course for LDCs.

77. The Chairman invited Members to approve the draft, with sufficient flexibility, as appropriate, to allow for any changes that might be required in 2001, and at the time of implementation of each activity.

78. The representative of Haiti said that in addition to the programme which was consistent with the needs of his delegation, priority should also be accorded to LDCs' trade policy reviews, since this would be consistent with the recommendation made by the IF review. The Secretariat should highlight the trade policy review mechanism, with special reference to LDCs, before the Sub Committee.

79. The Chairman said that the work programme was adopted.

80. The WTO Secretariat confirmed that it would take account of Haiti's comment. He added that some Members, for example, Germany, had expressed willingness to donate funds to assist in trade policy reviews of LDCs.

G. WTO PROGRAMME FOR TECHNICAL COOPERATION.

81. The Chairman said that the background document for this item was contained in document WT/COMTD/W/79/Rev.1, which was also WT/LDC/SWG/IF/7/Rev.1. The document had been prepared in accordance with the Guidelines for WTO Technical Cooperation, adopted by the Committee on Trade and Development on 15 October 1996, which had required the submission of a Three-Year plan to the Committee on Trade and Development. The circulated document contained WTO technical assistance programmes for both developing and least developed countries. The priorities for technical assistance to LDCs were contained in Annex 3. The programme for technical assistance for LDCs in 2001 consisted of the following: (i) an identified set of priorities for LDCs' multi-year programme; (ii) a list of ten Regional Integration Seminar Series for LDCs, including the annual Short Trade Policy Course; (iii) outstanding activities related to the commitments of the WTO in respect of the Integrated Framework; (iv) trade related technical assistance for individual LDCs; and, (v) activities planned in the context of the JITAP.

82. The Chairman noted that at the last session of the CTD, Members had commented extensively on the background document, particularly on technical assistance programmes for developing countries. He invited Members of the Sub-Committee to comment on the proposed WTO Programme for Technical Cooperation for Least Developed Countries, as contained in Annex 3 of the document.

83. The Secretariat said that in the discussions at the last CTD, several Members, including Canada and Norway, had already given their comments, including on the LDCs' section of the document. The Secretariat would therefore be grateful to receive further comments since the document was still work in progress. One of the comments that had been raised by Norway at the CTD was that in preparing the program for technical cooperation, both for developing countries and for LDCs, the Secretariat should proceed on the basis of a plan, not just simply a compilation of activities. Mr. Osakwe assured the representative of Norway that the programme of activities for LDCs' technical assistance was an actual "plan" and not simply a compilation of activities.

84. The representative of New Zealand said that concerning the list of regional seminars for LDCs, as contained in Annex III of the document, she would like to know as to which region the seminars would take place.

85. The representative of Haiti urged all Members to support the Director-General's project to integrate the funding for WTO technical assistance, including for LDCs, into the WTO's regular budget. He stressed that in order for technical assistance to be set on a firm and predictable footing, sufficient funds were required.

86. The representative of Uganda asked how much funds had already been secured and how much could be implemented within next year's WTO budget. Regarding the Trade Policy Mechanism, he said that concerns of a TPR had so far been on the economic performance of a country. Instead, the TPR mechanism should be used in a way that could identify gaps that LDCs faced, and that a TPR could also focus on how the WTO and the other IF Agencies could assist in addressing those identified problems.

87. The representative of the European Communities recalled that the main point for technical assistance was to ensure that there was a strategy and the prioritisation of a coherent approach to technical assistance.

88. The Chairman reiterated that comments had already been made at the CTD on the LDCs' section of the WTO Programme for Technical Cooperation. Any additional comments by Members could be communicated to the Secretariat. He thanked the delegates for their comments and said that the Secretariat had fully noted their comments and suggestions, which would be taken into account in planning technical assistance for LDCs for the period 2001-2003.

H. ANY OTHER BUSINESS

89. The Chairman proposed that the next formal meeting, the 23rd Session of the Sub-Committee, would be convened for 12 February 2001. In the absence of any objection, it was so agreed.

90. In the absence of any other business, the meeting was adjourned.
