

WORLD TRADE ORGANIZATION

RESTRICTED

WT/COMTD/M/45

7 October 2003

(03-5279)

Committee on Trade and Development Forty-fifth Session

NOTE ON THE MEETING OF 22 MAY AND 12 JUNE 2003

*Chairpersons: H.E. Mr. Toufiq Ali (Bangladesh) (for items A and B) and
H.E. Mr. Habib Mansour (Tunisia) (for items C - K)*

Subjects discussed:

A.	ADOPTION OF THE DRAFT AGENDA	2
B.	ELECTION OF THE CHAIRPERSON OF THE CTD	2
C.	OBSERVERS	3
(i)	<i>Request for attendance of ad hoc observers</i>	3
(ii)	<i>Further Consideration of request for observer status by the League of Arab States, the Organization of the Petroleum Exporting Countries (OPEC), the Gulf Organization for Industrial Consulting, the Organisation Internationale de la Francophonie, and the Common Fund for Commodities</i>	3
D.	REPORT ON THE THIRTY-SIXTH SESSION OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/WTO	3
E.	TECHNICAL COOPERATION AND TRAINING	6
(i)	<i>Technical Cooperation Audit: Report for 2002 (WT/COMTD/W/111 and Corr.1).....</i>	6
(ii)	<i>Report on the Implementation of the 2003 Technical Assistance Plan (WT/COMTD/W/112).....</i>	12
(iii)	<i>Statement by the Secretariat in relation to pledges announced and payments received to the Doha Development Agenda Global Trust Fund to finance the implementation of the Coordinated WTO Secretariat Annual Technical Assistance Plan for 2003.....</i>	15
(iv)	<i>Information regarding outsourcing</i>	16
(v)	<i>Information regarding the trade policy clinics</i>	19
(vi)	<i>Report on training activities (WT/COMTD/W/115).....</i>	23
F.	DECLINING TERMS OF TRADE FOR PRIMARY COMMODITIES, AND ITS IMPLICATION TO TRADE AND DEVELOPMENT OF PRIMARY COMMODITY EXPORTING COUNTRIES (WT/COMTD/W/113)	24
G.	NOTIFICATION UNDER THE ENABLING CLAUSE – NOTIFICATION FROM JAPAN (WT/COMTD/N/2/ADD.12)	28
H.	NOTIFICATION PROCEDURES FOR REGIONAL TRADE AGREEMENTS AMONG DEVELOPING COUNTRIES (WT/COMTD/W/114)	29

I.	PARAGRAPH 51 OF THE DOHA DECLARATION ON IDENTIFYING AND DEBATING DEVELOPMENTAL ASPECTS OF THE NEGOTIATIONS, IN ORDER TO HELP ACHIEVE THE OBJECTIVE OF HAVING SUSTAINABLE DEVELOPMENT APPROPRIATELY REFLECTED	33
-	Presentation by the Agriculture and Commodities Division	33
J.	ELECTRONIC COMMERCE.....	36
K.	OTHER BUSINESS	37

A. ADOPTION OF THE DRAFT AGENDA

1. The Chairman said that the draft Agenda for the meeting was contained in Airgram WTO/AIR/2099/Rev.1 of 20 May 2003. He informed Members that all WTO bodies were expected to submit updated versions of their Annual Reports to the July 2003 meeting of the General Council. He therefore suggested that the Committee take up the issue of updating its 2002 Annual Report under "Other Business".

2. The agenda was adopted as amended.

B. ELECTION OF THE CHAIRPERSON OF THE CTD

3. The Chairman said that, at the last meeting of the Committee, Members had agreed to revert to the election of the Chairperson of the Committee on Trade and Development (CTD) at the beginning of the 45th Session. He said that, as had been mentioned at the meeting of the General Council on 15 May 2003, the informal consultations that he had undertaken on behalf of the Chairman of the General Council had led him to believe that there was consensus for the Committee to elect Ambassador Habib Mansour of Tunisia as the next Chairperson of the CTD in Regular and Dedicated Sessions.

4. The Committee unanimously elected H.E. Mr. Habib Mansour (Tunisia) as its Chairperson.

5. The outgoing Chairman said that the incoming Chairperson, before coming to Geneva, had served as Ambassador of Tunisia to Madrid, to Buenos Aires, from where he concurrently was responsible for Chile, and to Kinshasa. Ambassador Mansour's participation in international conferences and intergovernmental negotiations led him to believe that the Membership had chosen a person with wide experience and multifaceted attributes to chair the CTD. Ambassador Mansour's experience in the biodiversity convention negotiations would be of particular value when the CTD considered the question of the development dimension of the relationship between trade and the environment. He said that knowing Ambassador Mansour and being aware of his high reputation and standing, he was confident that he would be an excellent Chair of the Committee.

6. The newly elected Chairman, on behalf of all Members, thanked the outgoing Chair for his excellent work at the head of the Committee. He also thanked Members for the confidence they had shown in electing him as Chairperson of the Regular and Dedicated Sessions of the CTD.

7. Ambassador Habib Mansour of Tunisia chaired the remainder of the meeting.

C. OBSERVERS

(i) *Request for attendance of ad hoc observers*

8. The Chairman recalled that, at previous sessions of the CTD, Members had agreed to invite the following intergovernmental organizations on an ad hoc, meeting-by-meeting basis: the Arab Maghreb Union (AMU); the Economic Community of West African States (ECOWAS); the Economic Cooperation Organisation (ECO); the Inter-Arab Investment Guarantee Corporation; the Islamic Development Bank (IDB); the Organisation of African Unity (OAU); the Organisation of the Islamic Conference (OIC); the South Centre; the South Pacific Forum; the United Nations Environment Programme (UNEP); the West African Economic and Monetary Union (WAEMU); and the World Intellectual Property Organisation (WIPO). He therefore proposed that, in accordance with the CTD's procedures, those organisations be invited to the next formal meeting of the Committee.

9. It was so agreed.

(ii) *Further Consideration of request for observer status by the League of Arab States, the Organization of the Petroleum Exporting Countries (OPEC), the Gulf Organization for Industrial Consulting, the Organisation Internationale de la Francophonie, and the Common Fund for Commodities*

10. The Chairman said that, at previous meetings, the Committee had also had before it a number of outstanding requests for observer status. Those came from the League of Arab States, OPEC, the Gulf Organization for Industrial Consulting, the Organisation Internationale de la Francophonie, and from the Common Fund for Commodities. The positions of delegations were well-known and on the record. He proposed that, unless there had been any recent change in Members' positions, the Committee would revert to those requests at its next formal meeting.

11. It was so agreed.

D. REPORT ON THE THIRTY-SIXTH SESSION OF THE JOINT ADVISORY GROUP ON THE INTERNATIONAL TRADE CENTRE UNCTAD/WTO

12. The Chairman said that the Joint Advisory Group on the International Trade Centre UNCTAD/WTO (JAG) had held its Thirty-sixth Session on 28 April to 2 May 2003. The report on that meeting was contained in ITC document ITC/AG/(XXXVI)/195 of 15 May 2003. He said that the Chairman of the JAG, Mr. Faizel Ismail, Head of the South African Delegation to the WTO, would present the report to the Committee.

13. Mr. Ismail, JAG, Chairman said that the JAG had held its Thirty-sixth Session from 28 April to 2 May 2003. In their opening remarks to the JAG, both the Secretary General of UNCTAD and the Deputy Director-General of the WTO had commended ITC on its performance in 2002 and had congratulated the ITC Executive Director on his reappointment for another term. They had noted that the collaboration amongst the three organizations had continued to thrive and that the ITC had an increasingly important contribution to make to supporting development through trade. In his statement to the Group, the Executive Director had highlighted ITC's achievements in 2002 and had spoken of his vision for ITC's future development. The year 2002 had been a good one and ITC's performance was largely due to the positive response of its donors and to the enthusiasm of its staff. It intended to build on the year's achievements to assert its relevance, to continue the process of change, and to grow as a niche player in trade-related technical assistance (TRTA). The plan for growth rested on three principles: the first was for ITC to remain focused and to continue to do what

it did best; the second was to continue to innovate in technical assistance (TA) approaches and programmes; and the third was to work towards greater field-level impact. ITC had matured into a lean and confident organisation on the eve of its 40th anniversary in 2004. The JAG had reviewed the Annual Report on ITC's activities in 2002 and the report of the Consultative Committee on the ITC Global Trust Fund. The Group congratulated ITC on a productive year and on the quality of the documentation before it. The relevance of ITC's overall approach to TRTA and the Executive Director's strategy for growth had been acknowledged and the ITC had been encouraged to continue its efforts to strengthen the trade and development relationship. The JAG had highlighted the importance of TRTA to the integration of developing and transition economies into the multilateral trading system in the context of the Doha Development Agenda. Representatives had underscored the importance of UNCTAD, WTO and ITC continuing to work together to ensure a coherent and comprehensive approach and the Joint Integrated Technical Assistance Programme to Selected Least-Developed and Other African Countries (JITAP) was cited as a model of effective institutional collaboration and efficient field delivery. Another subject discussed under other business at the JAG Session was the proposal by the delegation of Denmark, for an independent, external evaluation of ITC. The purpose of such an evaluation would be to determine how ITC's role in TRTA could be enhanced. The JAG had agreed that a core group, composed of a small number of donors and beneficiaries, would define the needs and relevance of such an evaluation, determine its scope, clarify the processes and its management, decide on a time frame and agree on the output of the exercise and on what would happen once the report was issued. That core group would liaise on an ongoing basis with a broader consultation group. All interested stakeholders should contact the delegation of Denmark with respect to participation in the evaluation exercise. Before concluding, he also mentioned that, at the Thirty-sixth Session of the JAG, as was the practice each year, government representatives had announced, confirmed or indicated possible voluntary contributions to ITC. In that context and on behalf of the JAG, he said that he wished to express thanks to the Governments of Canada, Denmark, Finland, France, India, Ireland, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and the United States. He said that his oral report covered the main issues discussed during the Thirty-sixth JAG Session and that he, and the Executive Director of the ITC, were happy to respond to any questions from Members.

14. The representative of Romania said that Members should not be surprised by the force and the value of ITC's contribution to developing countries and transition economies as that had already been indicated in earlier JAG reports. ITC's contribution entailed projects to assist the concerned Member Governments' efforts to enhance the training of their trade negotiators. She said that her delegation wished to express gratitude to the ITC for its work and congratulated its Executive Director and his team for having transformed the ITC into a real provider of TA targeting the needs of the countries in which it was active.

15. The representative of Mauritania said that his delegation wished to highlight three points stemming from the JAG report. First, the good implementation of ITC's 2002 work plan based on proximity and operability which had led to remarkable results and satisfaction on the part of all partners. Second, the priority accorded to projects in developing countries and least-developed countries (LDCs) to strengthen their export diversification capacity and to promote their products in different world markets through the important tools developed by the ITC. That had also been done through innovative programmes such as the Integrated Framework (IF), the JITAP and the World Trade Net. Both the beneficiaries and the donors had confidence in the ITC. The ITC should therefore be encouraged through constant and diversified support to continue its activities in favour of developing countries and LDCs.

16. The representative of Cuba said that his delegation did not have any specific comments on the report as his delegation had participated in the work of the JAG. He only wished to recognize that the ITC remained true to its vocation and that with scarce resources it made major efforts to support development through various programmes. ITC's work in 2002, as summed-up in the Annual Report,

demonstrated its commitment to the goal of sustainable development. In particular, the intensified support for the relationship between trade and development, implemented through the new programme for poverty reduction through exports, the successful completion of the first phase of the JITAP and the intention to proceed to a second stage of the programme, the launching of activities in the context of the programme to promote South-South trade, and the use of ITC's set of competition tools were praiseworthy. In Cuba, the ITC had provided support in the field of information, capacity building and advisory services, in particular to the Centre for Export Promotion, as well as by participating in Cuba's main trade fair in the previous year. His delegation therefore congratulated the ITC and invited it to continue to work in the same spirit in order to come up with the solutions developing countries required.

17. The representative of Egypt commended the ITC for the work it had carried out in 2002. His delegation supported the statements made by Mr. Ricupero, Secretary General of UNCTAD and Dr. Rana, Deputy Director-General of the WTO, on the importance of enhanced cooperation between the ITC, UNCTAD and WTO. He therefore welcomed the recent formal arrangements between those three organizations. His delegation congratulated the ITC for its focused activities and innovative approaches. The ITC had worked with its members to raise the number of activities by about 20 per cent. That was a respectful percentage and the increase in ITC's activities was welcome. His delegation also welcomed the proposal by the delegation of Denmark to evaluate the ITC. He said that his delegation wished to be part of the core group as well as the broader consultation group for that evaluation. He ended by thanking the donors for their pledges.

18. The representative of Morocco said that during the JAG, the Executive Director of the ITC had recalled that ITC's activities were specialised. The ITC had strengthened its activities within that framework and had also created new activities. The ITC had managed its limited resources well and all the donors had recognised that. His delegation requested the ITC to strengthen its activities for the private sector in developing countries through electronic commerce and by enhancing their export capacity. The Government of Morocco and the ITC had hosted a number of joint activities such as the second "Meet in Africa" trade in leather exhibition in Casablanca in 2000 and the 3rd World Conference of Trade Promotion Organisations in Marrakech in 2000. The Government of Morocco would also be hosting the South-South Trade Promotion Conference in December 2003 and counted on the full involvement of the ITC.

19. The representative of Tunisia said that his delegation welcomed the approach adopted by the ITC to strengthen its development-related activities. His delegation also appreciated the different ITC programmes undertaken to strengthen the export capacity of developing country companies such as the JITAP, the IF and all other programmes encouraging developing country exports. His delegation fully supported the activities undertaken by the ITC and thanked all the donors for their contributions.

20. The Chairman said that he joined those delegations that had praised the ITC. He thanked the donors for enabling the ITC to carry out its important task.

21. Mr. Bélisle, Executive Director of the ITC, said that the ITC appreciated the support given by its Members. If the year 2002 had been a successful one for the ITC it was thanks to the close contacts it had had with some Members and the generous contributions of other Members. The ITC was ready to go even further in 2003 and counted on its Members' support in that effort.

22. The Committee took note of the JAG report and agreed to forward it to the General Council for adoption.

E. TECHNICAL COOPERATION AND TRAINING

(i) *Technical Cooperation Audit: Report for 2002 (WT/COMTD/W/111 and Corr.1)*

23. The Chairman said that the first sub-item under Agenda item E on Technical Cooperation and Training related to a paper entitled "Technical Cooperation Audit: Report for 2002", contained in document WT/COMTD/W/111 and its corrigendum 1. The report, which had been distributed to Members at the end of March, contained an analysis of WTO's TA in 2002 and represented the Technical Cooperation Audit's mandatory annual evaluation to the Committee. He said that the report focused its analysis on the performance of WTO's TA activities from the point of view of their efficiency, effectiveness, relevance and sustainability. In response to the November 2002 debate in the Committee, it also put forward findings, observations and comments on the TA planning process and suggested improvements both in terms of planning and implementation. The report also included lessons learned for consideration and application in future TA activities. The report had been submitted to the Committee for information and use as appropriate.

24. The representative of the United States said that the Technical Cooperation Audit had made a good start in reviewing the activities carried out in 2002. The fact that 481 activities had been implemented indicated that the WTO was strongly committed to trade capacity building. It was an outstanding achievement in light of the number of activities implemented in 2001. Nevertheless, her delegation agreed with the report that there should be less emphasis on the quantity of activities and more on their quality. She said that she was comfortable with the idea discussed in informal sessions of aiming for more sustainable TA activities. That could be achieved by targeted programmes which clearly addressed the needs of developing countries. The emphasis on the number of projects implemented could detract from the ability to deliver quality projects. Her delegation welcomed that the Technical Cooperation Audit helped Members consider those issues. Her delegation also agreed with the Technical Cooperation Audit that the higher quality programmes involved larger and longer term initiatives than the short term, small scale activities on which WTO Members had tended to focus in the last couple of years. It was important to ensure that participants in past projects could build upon the knowledge they had gained to move forward. Consistent with the Technical Cooperation Audit, her delegation recognized that the evaluation of activities carried out was an important part of Members' work. That evaluation had to be an ongoing exercise of which the current audit was a beginning. However, her delegation wished to see the Technical Cooperation Audit improved in the future. Her delegation was willing to work with the Secretariat to explore other approaches to evaluation. It was clear that resources were needed to carry out evaluations and that there was a tension between the attempt to focus on the programming, administration and management and future planning. Her delegation wished to be actively engaged in the Technical Cooperation Audit by considering how to improve it, possibly by engaging an independent audit, and considering how to get resources for it.

25. The representative of Switzerland said that his delegation appreciated the Technical Cooperation Audit Report as it was concise and contained good recommendations. Several of those recommendations were common sense recommendations, but it was important to consider how they could be implemented. The Technical Cooperation Audit Report confirmed what his delegation had expressed since 2002, namely that the emphasis should be on better structured long-term programmes rather than short workshops and ad hoc activities. His delegation wished to see the design of multi-year programmes for specific sectors, countries or regions for Members to approve. Such programmes had to stay within the specific functions of the WTO which were to assist Member Governments interpret the WTO framework and better manage the rules. A possible risk was that multi-year programmes of TA would expand into intensive capacity building and institutional development programmes. Those tasks however had to be dealt with elsewhere, such as in the context of the IF or JITAP. Of the practical recommendations contained in the Technical Cooperation Audit Report, he recalled that the needs-assessments had to be done more carefully, using all available

resources including WTO staff, other delegations and Trade Policy Reviews. The definition of needs should not rely exclusively on questionnaires and affirmed needs by governments. It was also important to set clear objectives and benchmarks for any training to be delivered, even if those objectives and benchmarks were limited. It would otherwise be impossible to evaluate the programmes. Work was also needed to standardize training tools and time and resources had to be invested in the selection of staff and consultants as trainers. The delivery of TA was a complex task and a quality culture of TA had to emerge at the WTO, which was not primarily a technical cooperation delivery organization. The present system of basing the Technical Cooperation Audit Reports on self-evaluation was the best that could be done. However, his delegation wished the Technical Cooperation Audit to carry out more direct interventions. He said that he was surprised that only 15 out of 481 had been directly evaluated by the Technical Cooperation Audit. That number had to increase. His delegation favoured a stronger technical cooperation evaluation unit with the ability to carry out more comprehensive tasks. The WTO should in the longer-term become the centre for knowledge and quality control of TRTA rather than actually delivering direct TA. The WTO could, in the future, evaluate the TRTA activities carried out by other institutions.

26. The representative of Norway said that the Technical Cooperation Audit Report was a valuable document which did not only describe the activities implemented in 2002 but also referred to improvements that could be made in the evaluation work itself. Her delegation expected that action would be taken according to those recommendations. One such recommendation was that the evaluation should include all activities and that the evaluation feed-back mechanism should be improved. Members had received the Technical Cooperation Audit Report in the first quarter of 2003 as promised. However, her delegation recommended that the discussion of the report be held in the first quarter of the year in the future, or as quickly as possible after the circulation of the document. The reason was that her delegation believed that the Technical Cooperation Audit Report could be a useful tool for Member Governments whose budgetary processes for coming years included reporting on how the budgetary means had been used and the effects of the activities in the preceding years. Her Government had used the 2002 Technical Cooperation Audit Report in the preparation of its 2004 budget. However, her Government would have preferred that the Technical Cooperation Audit Report had first been considered by the CTD. Her delegation had, on several occasions, raised the question of making all WTO TA activities part of the regular budget. In that context she referred to paragraph 21 in the Technical Cooperation Audit Report which stated that "The plan lives and dies from one year to the next. Therefore, the cumulative benefits of the current TAs for the beneficiaries are more the result of coincidence than systematically thought out efforts." That should provide food for thought. The WTO/OECD Doha Development Agenda Trade Capacity Building Database aimed at increasing coordination among donors. However, Members also had to consider better coordinated TA in a longer time perspective. That was also true for the work carried out by the WTO Secretariat.

27. The representative of the European Communities said that he agreed with much of what the three previous speakers had said with respect to the Technical Cooperation Audit Report. His delegation appreciated the positive nature of the overall evaluation exercise and recognized that it was a new tool that had been introduced in 2002. As the Secretariat itself had stated, it could and should be improved in future years as experience in its application was gained. The evaluation process would assist Members ensure continued quality improvement of WTO TA activities and their sustainability. That should lead to a higher proportion of planned and structured activities rather than ad hoc and small scale activities. The lessons that could be learned from what had been done in 2002 should be applied in the design of the activities for 2003 and when monitoring and evaluating them. His delegation was interested in exploring the idea suggested by the Secretariat in the Technical Cooperation Audit Report for a multi-annual perspective to planning. The representative of Norway had mentioned that that might have budgetary implications. However, his delegation believed that longer term planning had the potential to ensure that Members were working on a more structured and sustainable basis in the design and delivery of activities. Another point suggested by the Secretariat, but which his delegation was less enthusiastic about, was the idea of WTO field presence. His

delegation saw the role of the WTO as being the quality controller from the centre, delivering a relatively limited number of activities in areas where it was the undeniable specialist and ensuring the quality of other activities relating to the WTO carried out by regional partners. Finally, he asked how the Secretariat intended to organize the evaluation of the activities carried out in 2003 and beyond, in light of the reorganization of the Secretariat.

28. The representative of Mauritius said that the Technical Cooperation Audit Report came at an opportune time about midway in the work of the Doha Development Agenda. It was useful to stop and consider what had been done and that was exactly what the Technical Cooperation Audit Report did. The approach taken by the Technical Cooperation Audit in its report was commendable. That was true for its coverage, both country and substance-wise. The kind of cross-sectional approach taken was plausible as it covered a number of countries and regions. His Government had been happy to receive the former head of the WTO Technical Cooperation Audit in Mauritius while he was undertaking part of the 2002 Audit. His delegation believed that the Technical Cooperation Audit Report comprehensively covered the evaluation approach based on the four pillars of efficiency, effectiveness, relevance and sustainability. Most activities had been delivered in the area of services. That was logical as the services sector was poised to play an ever increasing role in the economies of developing countries. He suggested that that momentum be kept and even that the TA related to the services sector be given more attention in the future. The evaluation made by the Chairperson of the Special Session of the Council for Trade in Services had shown that the number of requests and offers made by Members in the area of services was limited. Developing country Members needed assistance to evaluate the existing offers and proceed to submit offers themselves. The successes and shortcomings in terms of the efficiency of the TA delivered was a shared responsibility of the beneficiaries, the donors and the Secretariat. There had been some problems with developing country participants who had not been able to dedicate themselves fully to participate in the activities. That message had to go back to developing country Governments. Participants had to be able to devote themselves to participate fully in any activity proposed so that the most was made of the opportunities presented by WTO TA. On the other hand, there had also been problems of interpretation. Participants had not been able to take full advantage of activities delivered in languages they were not fluent in. That was something that needed to be rectified as soon as possible. Interpretation was important and unless participants were given the opportunity to fully understand the content of the courses it would be difficult for them to absorb the information.

29. He went on to say that he appreciated the comments made with respect to relevance. The activities carried out had been relevant and focussed. The Technical Cooperation Audit Report mentioned that there was a link between relevance and sustainability of TA activities. Sustainability was not only about ensuring that TA was provided. It was also related to the long-term impact of the TA delivered. The long-term sustainability of TA activities required additional efforts. The ability of the people trained to transmit their knowledge to others had to be part of the goal of long term sustainability. The part of the Technical Cooperation Audit Report containing lessons learned was good. TA delivery was not only a question of quantity but rather a question of quality. Quality and excellence was a continuum and the Technical Cooperation Audit Report was an important tool in ensuring a high quality of the TA delivered. He suggested that the Technical Cooperation Audit Report remain an integral feature of WTO TA.

30. The Secretariat said that it wished to respond to the question posed by the representative of the European Communities regarding the Secretariat's plans for the Technical Cooperation Audit. The Training Institute had been merged with the Technical Cooperation Division and Mr. Paul Rolian had been assigned the directorship of the new Institute for Training and Technical Cooperation (ITTC). The Technical Cooperation Audit was currently staffed on a temporary basis and the Secretariat was in the process of identifying a new director for it. The Secretariat had wished to strengthen the Technical Cooperation Audit. However, Members had not approved the necessary additional staff resources for 2003. The six additional posts received had been needed in the

operational divisions because of the ongoing negotiations. Nevertheless, he was hopeful that additional resources could be allocated to the Technical Cooperation Audit in the future. Informal discussions were undertaken with donors in the search for a solution to the issue. Mr. Paul Rolian had moved, with his post, to the ITTC so there was unfortunately no empty post in the Technical Cooperation Audit. That made it difficult for the Secretariat to find a solution to the directorship of the Technical Cooperation Audit. However, the Secretariat considered the directorship of the Technical Cooperation Audit to be an important position and a director would soon be nominated. Some further restructuring of the Secretariat might also take place because of retirements. He concluded by saying that he considered the Technical Cooperation Audit to be playing the role it was intended to play.

31. The representative of the Philippines said that the Technical Cooperation Audit was an important function that Members had to consider in light of the scarce resources available in the technical cooperation budget. Her delegation welcomed that the report of the Technical Cooperation Audit was detailed. The Technical Cooperation Audit Report pointed out areas that needed improvement. She said that she wished to assure the donors that the participants to the short and long term TA activities had benefited from and appreciated the TA provided. There would always be a trade-off between quality and quantity. Speaking about the experience of her Government she said that not all ministries in the Philippines were fully aware of what the WTO was. The short-term courses and information seminars clearly served the purpose of increasing awareness of various Government officials about the WTO Agreements and its implications to national government policies. While the long term trade policy courses were useful, it was always difficult to release staff for a long time. Her Government was still awaiting the implementation of a few national short term courses it had identified. She agreed with the report that the effectiveness of the regional courses was unknown although she realized that courses were being carried out at the regional level in an attempt to maximize the use of the limited resources. Her delegation agreed with the evaluation approach based on the four pillars, i.e. efficiency, effectiveness, relevance and sustainability. In terms of efficiency she said that the Philippine participants in WTO TA activities had all commended the WTO lecturers for their efficiency. Effectiveness was difficult to measure. It depended to a large extent on the person participating in an activity. The content of the activities in which Philippine officials had participated had been relevant. She said that sustainability was an area that she believed could be improved. She said that she agreed with what had been said by other delegations that the donors, beneficiaries and the Secretariat had to work together to ensure that the delivery of WTO TA became more effective for all beneficiaries.

32. The representative of Australia said that the Technical Cooperation Audit Report was an important and overall useful document. However, her delegation wished to offer some detailed comments with a view to enhancing its utility even further. She agreed with other delegations that there were issues that needed to be further explored and that WTO's resource constraints had to be taken into account. The Technical Cooperation Audit Report would have benefited from a clear statement of overall strategic purpose and objective of engaging in TA projects. A way of linking back the specific objectives for individual projects to such an overall purpose would be desirable. The information presented in the Technical Cooperation Audit Report should be made as comprehensive as possible and a clear effort had been made in that regard. Her delegation wished to see more structured and tabulated information. One example was the statement in paragraph 8 of the Report that the number of reports received in the Audit was lower than the total number of TA activities for which an evaluation was due. However, no overall quantification was available. The Technical Cooperation Audit had the capacity to provide more structured information through the use of the existing database from which data could be retrieved and analyzed. Her delegation wished to see an increase in qualitative indicators such as for example an assessment of the most commonly nominated strengths and weaknesses in project evaluations. A summary of the 15 projects subject to on-site assessment could be presented, rather than just the names of the projects. Her delegation wished to see more evidence for some of the statements made. Although there was no reason to doubt the

information provided, statements such as "Teaching skills of TA providers have certainly been enhanced through participation in the training-of-trainers courses..." in paragraph 19 could be further elaborated. Another concern of her delegation related to the lack of reporting on collaborative projects with other organizations. That issue should also be considered in the context of outsourcing. The reporting of the external evaluations should be as extensive as possible. She suggested that summaries of those evaluations might be provided. The four principles of evaluation used by the Technical Cooperation Audit were sound. The approach of universal self-evaluation followed by a resource-constrained sample of independent evaluations was reasonable. However, that methodology could be improved. Generally improving the design and evaluation of individual projects had been identified as an area requiring further work. Her delegation believed that that work should be prioritized.

33. The representative of Mauritania said that his delegation appreciated the evaluation of TA activities. It was important to critically examine WTO's TA activities and identify their strengths and weaknesses in order to improve them. The current internal Technical Cooperation Audit should in the future be supplemented by an external audit. He said that he would limit his intervention to comments on the methodology and the approach. There was a problem of approach and methodology that was linked to the fact that an evaluation of WTO's TA could not be dissociated from an evaluation of public policies. It was linked to the human resources and ability of governments to define their development policies. That related to the national framework and the constraints it imposed. Second, the indicators used was another important aspect of the Technical Cooperation Audit Report. Paragraph 34 of the Report was honest in admitting that, although the indicators should be clearly stated prior to the implementation of any activity, that was rarely the case in practice. The indicators should also take such factors into account as whether the delivery of TA really improved the notification capacity of the beneficiary Government, whether the beneficiary Government was enabled to participate more actively in the negotiations, whether it was able to better integrate into the multilateral trading system and whether a beneficiary country had developed its export supply capacity. Such indicators were difficult to measure. Nevertheless, the aim should be to enlarge the scope of the Technical Cooperation Audit to consider such larger underlying questions. The WTO Technical Cooperation Audit could in the future be more focused on associating and reconciling quality and quantity of TA and, in that context, it was important to distinguish between the generic and the specific needs of beneficiary governments. The WTO Technical Cooperation Audit could also take the diversity of the current supply of products into account. In addition, it would be useful to associate the beneficiaries with the Audit to a larger extent than was currently done and to refine the methods and tools with which the evaluation was carried out.

34. The representative of Morocco said that his delegation believed that the Technical Cooperation Audit Report was the best means to ameliorate TA and capacity building. Of the four pillars for the evaluation he said that he wished to refer to the issue of sustainability, which was the most difficult to evaluate. He said that his delegation wished to make a few suggestions in light of the fact that the short term courses had shown their limits. First, the duration of seminars should be prolonged in a systematic fashion. Second, the involvement of universities in developing countries should be strengthened. The regional trade policy courses organized in Africa had shown how valuable such cooperation was. The regional trade policy courses should therefore be maintained. Third, enhanced training of trainers was one the best examples of introducing sustainability of WTO TA. Fourth, the subjects of the training provided could be better targeted to each group of officials trained. Finally, he said that enhanced coordination with other organisations such as UNCTAD was desirable.

35. The representative of Canada said that the quantity and the value of the comments that had been made by Members on the Technical Cooperation Audit Report demonstrated the interest Members had in it. She said that her delegation also wished to highlight some of the points made in the Report. First, it was important to prioritise and establish guidelines for the selection of activities.

Paragraph 13 of the Report mentioned that the WTO delivered more TA than ever. That indicated an enhanced need to prioritize. It was also important to establish objectives and indicators for each specific activity, as had been mentioned by the representative of Mauritania among others. Her delegation also agreed with the statement in paragraph 33 of the Report that it would be desirable to follow-up the training-of-trainers courses for WTO staff members. The activities undertaken also had to be planned and initiated on the basis of an assessment of the problems and needs identified by the Members, as referred to in paragraph 48 of the Report. She said that it was important to focus on the quality rather than the quantity of assistance in order to enhance the sustainability of the activities. However, she noted the comments made by the representative of the Philippines regarding the usefulness of short term activities and encouraged the Secretariat to take those comments into account, in particular when the beneficiaries were less informed and had not previously benefited from any training in a particular area. She said that her delegation also had some comments and questions with respect to issues not already mentioned. First, in view of the 2004 TA Plan, she asked if the Secretariat intended to ensure a better coordination between the needs identified by Members, whether expressed in the different WTO bodies or in the diagnostic studies undertaken within the IF, and the activities delivered. Her delegation hoped that, with the progressive implementation of the activities in 2003, the executing staff would ensure that evaluations were completed and sent to the ITTC as her delegation had understood that there had been some problems in that respect in 2002. It would also be desirable for WTO's comparative advantage to be examined before any decision was taken to implement any activity in order to ensure that the IF, the JITAP or other programmes were not better suited to implement a given activity. Finally, she requested that the raw data, on which the Report was based, be made available to Members.

36. The representative of Rwanda said that his delegation welcomed the Technical Cooperation Audit Report. The activities implemented in 2002 and planned for 2003 demonstrated a real commitment to face the challenge of capacity building. Developing countries could only integrate in the multilateral trading system through a few means such as the training of human resources, the strengthening of national institutions, and the diversification of the productive capacity through the development of the private sector. His Government appreciated the efforts made in that context, even if WTO's TA could be improved even further. His Government was satisfied with the prompt and positive reply the Secretariat had provided to the assistance requested. That proved that the restructuring of the Secretariat was a way of rationalizing the work in order to meet the set objectives. He hoped that his Government would continue to receive enhanced and more structured TA such as that provided through the IF. His delegation encouraged the Secretariat to produce regular reports showing defined objectives, indicators, resources devoted, achievements and outstanding work.

37. The representative of the Kyrgyz Republic said that his Government attached great importance to the participation of officials in TA activities which could lead to a more effective integration of the Kyrgyz Republic in the multilateral trading system. Officials from the Kyrgyz Republic had benefited from the training the countries of the European Union had provided to his Government. He noted from the Report on the implementation of the 2003 TA Plan in the first quarter of 2003 (WT/COMTD/W/112) that the central Asian region, to which the Kyrgyz Republic belonged, lagged behind other regions in terms of activities implemented. That the central Asian region was able to benefit from WTO TA at the regional level was more important than ever as other countries of the region were in the process of acceding to the WTO. The needs of the resource constrained transition economies had been clearly stated in the Doha Development Agenda. He therefore urged the Secretariat and the donors to increase their contributions to enable the countries in the central Asian region to benefit from WTO TA in 2003 and 2004. He also called on the rule setting organisations to take active part in the seminars organized by the WTO in order to increase the quality of the training provided to capital-based officials.

38. The Secretariat said that it was its intention to carefully study all the comments made in the Technical Cooperation Audit Report as well as those made by Members. The Secretariat would

attempt to incorporate as many of them as possible in the future delivery of TA. The kind of changes that many delegations wished to see might not be possible to undertake in the immediate future as their introduction required some time. However, all suggestions would be given due consideration. Members had said that they wished to see the delivery of TA based on quality rather than quantity. That was already part of the Secretariat's thinking. All Members seemed to agree that sustainability was important, although it was a difficult issue. Possibly shifting the balance somewhat from some of the more disparate and short activities traditionally conducted to longer term institutional capacity building might automatically improve the record with respect to sustainability. The Technical Cooperation Audit had repeatedly made the point to Members that the resources devoted to evaluation were inadequate. Several Members had said that they wished to see something more from the Technical Cooperation Audit even if Members recognized that that required more resources. The Technical Cooperation Audit could do more if more resources were given to it. Some Members had supported the idea of a multi-year approach as referred to in the report. However, that also raised the question of resources, although in a different sense as one Member had mentioned, referring to the fact that the resources for TA were on the whole extra budgetary resources and therefore suffered from the unpredictability that accompanied an annual exercise of gathering resources for TA. The budgetisation of TA was an old issue. Nevertheless, if Members wished a multi-year approach to TA, they had to consider its financial implications.

39. The Secretariat went on to refer to some of the more specific comments and said that it would be possible to provide more tabular and quantitative information in future reports. The database that had been developed would help in that regard and the Secretariat would attempt to provide more such information. The methodological changes that the Report referred to, and that many Members had supported, would also be introduced. The Technical Cooperation Audit would insist that all TA providers provide feedback from their activities in all instances when the Technical Cooperation Audit could not directly observe an activity. One delegation had mentioned that it was surprised that only 15 activities had been evaluated directly. That too was an issue of resources. The 15 activities directly observed meant more than one trip per month assuming that there were only about ten working months a year. If more was to be done, more staff resources were needed. The Technical Cooperation Audit would otherwise have to rely on self evaluation, which on the whole, the Technical Cooperation Audit believed had produced the results hoped for. Nevertheless, the self evaluations could be further improved and work would be undertaken to that effect. Several delegations had mentioned the needs assessments. The needs assessments were a critical aspect of the planning process. It was linked to the setting of clear objectives which in turn had an impact on the quality of the evaluation. If the objectives were not clearly defined at the outset, it would be unclear for the Technical Cooperation Audit what objectives it was supposed to evaluate an activity against. The Secretariat hoped to improve the 2004 Technical Cooperation Plan in that respect.

40. The Committee took note of the evaluation and the comments made.

(ii) *Report on the Implementation of the 2003 Technical Assistance Plan (WT/COMTD/W/112)*

41. The Chairman said that the report on the implementation of the 2003 TA Plan was contained in document WT/COMTD/W/112 (the Quarterly Report). That Quarterly Report covered the implementation of the TA activities carried out during the first quarter of 2003 (from 1 January to 31 March 2003).

42. The representative of the United States said that the Quarterly Report was a valuable tool in examining how the WTO was doing with respect to meeting the objectives of the 2003 TA Plan. She said that her delegation wished to make some suggestions for how to improve the quarterly reports to make them more useful for Member governments, even if she was unsure about how those changes would be made in practice. Several pieces of information were lacking from the Quarterly Report which would be useful to bilateral donors who wished to complement WTO's activities and who

wished to define priorities for the following year. One such piece of information was the actual number of participants in each of the activities. Another was information about the countries represented as participants in regional activities. While she was aware that there was a lag in the process of budgeting versus the planning and implementation of the projects, she said that it would be useful for Members to receive information on the relative cost of the different projects implemented. That was linked to the assessment of the efficiency and effectiveness of different kinds of projects. Such figures would assist Members in getting an idea of the number of participants reached by a certain type of activity and the cost of that activity. Those would thus be useful pieces of information for Members from a management and development standpoint.

43. The representative of the European Communities said that his delegation agreed with the suggestions made by the representative of the United States for the inclusion of additional information on the number of participants and additional raw information that would be useful for assessment purposes such as the back-to-office reports. In addition to those suggestions, he said that his delegation wished to make two other points. First, the Secretariat had indicated that, at the end of March, the implementation of the 2003 TA Plan was still below expectations. His delegation shared the wish for the delivery rate to increase and the set targets to be achieved. Six weeks had passed since the end of March. He therefore asked the Secretariat to inform Members about whether the pace of implementation was increasing. It was especially important that some of the training activities relating to the Doha Development Agenda subjects be implemented before the Fifth Ministerial Conference. He said that his second question related to strategic partnerships with other bodies. The Quarterly Report referred to a Memorandum of Understanding (MoU) with the International Institute for Trade and Development. A WTO press release had also referred to a MoU with UNCTAD. He asked how the WTO would cooperate with those two organisations and what the MoUs would mean in terms of co-financing. The Quarterly Report was an overall positive tool containing useful information in relation to the delivery of the 2003 TA Plan in the first quarter of the year. The Quarterly Report should be seen as a part of the overall steady quality improvement and the management and the provision of information on WTO TA activities.

44. The representative of Switzerland said that he wished to ask the same question as had been posed earlier on how the Secretariat believed the rhythm of implementation of the 2003 TA Plan could be improved since it was below target in the first quarter. Second, he had a question relating to the evaluation of TA activities. Paragraph 13 of the Quarterly Report stated that a certain critical mass of activities was necessary in order to assess the implementation. Reference was also made to the 2002 Technical Cooperation Audit (WT/COMTD/W/111 and Corr.1). He therefore asked whether the Secretariat intended to include a section on evaluations in future quarterly reports, evaluations which he assumed would have to be carried out by the Technical Cooperation Audit and not by the ITTC. He further asked how the Secretariat planned the assessment for 2004. He reminded the Secretariat that a number of Members had had problems in approving the 2003 TA Plan as they considered that the 2002 activities had not been evaluated properly. He asked what type of evaluation and assessment would be available to Members at the time when Members would be asked to approve the 2004 TA Plan. An evaluation of the 2003 activities would be necessary in order for Members to take decisions for 2004 based on sound evidence of what would work and what would not work.

45. The representative of Mauritania said that his delegation wished to inform Members about the situation with respect to the implementation of activities in Mauritania. His Government considered the situation satisfactory as a national trade policy course had already been held to the benefit of some 30 officials from different ministries concerned with international trade such as the Ministry of Commerce, the Ministry of Agriculture, and the Ministry of Finance. Second, a national seminar on trade and investment benefiting some 30 officials had been held in May 2003. Third, a mission to establish a Reference Centre was currently underway in Mauritania and his Government hoped that a national follow-up seminar would be organized in June 2003 following the results of the Trade Policy

Review of Mauritania which had been held in September 2002. The implementation rate for activities in Mauritania in the first semester might thus be 100 per cent. However, the low rate of implementation still posed two problems for other WTO Members as well as for the Secretariat. The first was to reconcile the planned activities with Members', and particularly LDC Members', ad hoc requests. It was therefore necessary to ensure a certain flexibility to meet such requests. Second, there was the problem of the increasing cost of the national activities. However, national activities responded to specific needs of the Members. One example was the cost for the interpretation requested by Governments such as his, as many officials in Mauritania worked in Arabic. It would therefore be useful to have interpretation in Arabic for activities in Mauritania and there might be a need for interpretation into other languages for national activities held in other WTO Member countries. He said that the implementation of TA activities for Mauritania was satisfactory and he hoped that it would continue in that manner.

46. The Secretariat said that it agreed with the suggestions made by the representative of the United States and supported by other delegations regarding how to improve the reporting mechanism. It should be possible to include more information of a factual nature such as the number of participants and the number of countries involved in regional activities in the quarterly reports. The Secretariat would consider including such information in the Second Quarterly Report. The Second Quarterly Report would also include information on the training activities, which for the current meeting had been the subject of a separate paper. The Second Quarterly Report would thus provide delegations with a full picture of all activities carried out in the second quarter in one document. With respect to the costs, the Secretariat was conscious of the fact that the way in which it reported implementation might not be satisfactory in the sense that a three months trade policy course and a one day workshop each counted as one activity implemented. There was something wrong with that way of reporting and the Secretariat was considering how to present that information in a more meaningful way, possibly in terms of staff days involved or cost per participant per day for example. The second main question posed was whether the Secretariat could provide any additional information on the pace of implementation since the end of March 2003. The Secretariat said that it was pleased to report that the pace of implementation had increased considerably since the end of March 2003. In fact, the Secretariat had carried out the same number of activities in the six week period since the end of March 2003 as it had during the first three months. The pace of implementation was clearly accelerating and the Secretariat hoped to accelerate it even further. The implementation would be particularly intensive from then on and leading up to the Fifth Ministerial Conference as all activities linked to the Fifth Ministerial Conference had to be implemented in a timely manner. The implementation rate had been negatively effected by the recent geopolitical and international medical events. However, there was unfortunately nothing the Secretariat could do to change that situation even though such events did have an impact on the TA delivery rate.

47. The Secretariat went on to speak about strategic partnerships and said that it had taken some time to formulate the MoU between UNCTAD and the WTO. That MoU formalized a well functioning relationship that the WTO had had with UNCTAD since a long time back. The MoU formalized that cooperation and clarified the basis for the financing and co-financing of activities. It laid down rules for agreed activities between the two agencies and in particular the responsibilities of the other agency in situations where one agency was the lead agency for a particular activity. Such situations had been clarified and the two agencies had begun to follow the procedures set out in the MoU as of the date of its signature. The Secretariat said that the fourth issue was the question of the content of the quarterly reports and how to make them more evaluative. Members had to be clear about the purpose of the quarterly reports. The quarterly reports were primarily intended to be monitoring reports. They were not intended as reports that would evaluate and assess the effectiveness, relevance and sustainability of the activities implemented. He maintained that the critical mass of activities that was needed for such an evaluation was not available with the around 60 activities carried out each quarter. However, some lessons of particular importance which might be used to adjust the implementation of the remaining activities that year might emerge from some of the

activities implemented. Such lessons would be brought to Members' attention together with information about how the Secretariat intended to deal with them. However, the quarterly reports were not intended as full fledged evaluations. Regarding what information Members would have at the time they would be asked to agree to the 2004 TA Plan, the Secretariat said that it was conscious of the comments that had been made in 2002 in connection with the adoption of the 2003 TA Plan. It believed that when Members would have the draft 2004 TA Plan in front of them they would realize that the Secretariat had given recognition to what Members had said in 2002. The Secretariat was aiming to state clear objectives for the activities included in the 2004 TA Plan. That might make it easier for Members to judge whether what the Secretariat was proposing was reasonable or not. There would be clear differences in the structure of the 2004 TA Plan as compared to the 2003 TA Plan. Regarding the plea for flexibility the Secretariat said that that was something it did keep in mind. Finally, the Secretariat would give due consideration to any requests for interpretation during TA activities.

48. The Committee took note of the document and the comments made.

(iii) *Statement by the Secretariat in relation to pledges announced and payments received to the Doha Development Agenda Global Trust Fund to finance the implementation of the Coordinated WTO Secretariat Annual Technical Assistance Plan for 2003*

49. The Chairman said that sub-item III of the item on Technical Cooperation and Training related to the financing of the implementation of the 2003 TA Plan. He said that the Budget and Control Section of the Secretariat would inform the Committee on the budgetary contributions to the Doha Development Agenda Global Trust Fund.

50. The Secretariat said that Members had before them document JOB(03)97 which contained four tables. The first two tables presented the situation with respect to pledges made and funds transferred by donors to the Doha Development Agenda Global Trust Fund (DDAGTF). The third table presented a synthesis of all trust funds used to finance TA activities, whether included in the 2003 TA Plan or not. The fourth table summarized all pledges made to all trust funds, including the DDAGTF over the coming four years. Taking into account the pledges made for 2002 which had not been transformed into actual contributions on 1 January 2003, the balance left in the DDAGTF at the end of 2002 and the pledges made for 2003, just over Sw F 19 million were currently pledged to the Doha Development Agenda Global Trust Fund. Pledges made which were earmarked for certain types of activities or certain beneficiaries which could be used to finance activities included in the 2003 TA Plan amounted to an additional Sw F 2 million. That meant that the resources available amounted to Sw F 21 million in total. That was Sw F 3 million short of the Sw F 24 million agreed as the target amount for the DDAGTF in 2003. Turning to the cash situation, he said that the terms of reference of the DDAGTF defined precise thresholds for the disbursement of the contributions. The second threshold stipulated that 75 per cent of the funds should have been received by the end of March 2003. That deadline had been missed by a large margin. Only Sw F 13,2 million had been received by the end of March 2003 which was clearly short of the Sw F 18 million that 75 per cent of Sw F 24 million represented. The third threshold was at the end of June 2003 when all of the Sw F 24 million should be in the bank. As the pledges did not even amount to Sw F 24 million, he said that it seemed unlikely that that threshold would be met. That did not mean that the Secretariat had yet encountered a cash problem. It had a balance of Sw F 3 million in the DDAGTF which was sufficient for some time but certainly not for the Secretariat to ensure the implementation of the 2003 TA Plan until the end of the year.

51. The representative of the United States informed Members that its Government's contribution to the DDAGTF would shortly be forthcoming.

52. The representative of Norway said that her Government was in the process of finalizing its contribution. The delay was due to internal audit requirements. The Government of Norway was considering whether a MoU would be necessary. A contribution similar to the one made by the Government of Norway in 2002 would shortly be forthcoming. It would amount to Nkr 6 million which was equivalent to somewhat more than Sw F 1 million.

53. The Committee took note of the oral report and the statements made.

(iv) *Information regarding outsourcing*

54. The Chairman said that, at the 44th session of the CTD, the Secretariat had presented a progress report on its ongoing work to explore the possibility of outsourcing more TA activities to outside consultants and to other international and regional organisations. After having offered preliminary information on the modalities for a roster of individual consultants as well as on MoUs for effective and coherent partnerships, the Secretariat had indicated that a more comprehensive document on outsourcing would be circulated before the next meeting of the Committee. At the same session, the Secretariat had also provided a general outline on the Director-General's idea of "Trade policy clinics" and had indicated that an information note which elaborated the concept (scope, objectives and modalities) as well as on the possible beneficiaries would be circulated before the 45th Session. Those two documents were contained in JOB(03)/93 and JOB(03)/94, both dated 16 May 2003.¹

55. The Secretariat said that it was pleased to introduce a comprehensive note on outsourcing contained in document JOB(03)/93. That note built on the Secretariat's report at the 44th session of the CTD and explained in more detail the approach of the Secretariat to increase outsourcing of TA activities to outside consultants and to other international organisations. The first part of the note dealt with individual consultants and provided details about the new WTO roster and the modalities for its use. Under the new approach, the system for outsourcing was made more predictable to ensure fairness and transparency. While following basic principles regarding overall WTO objectives in that area, he said that the Secretariat would retain flexibility to fulfil its mandate in conformity with the Guidelines for WTO Technical Cooperation adopted by the CTD.² An official WTO roster of consultants was in preparation and would be managed by the Human Resources Section. It would consist of two separate lists: the "General List" and the "Selected List". The present roster would become part of the "General List", which would be expanded through spontaneous applications from candidates and through suggestions from WTO Divisions, Members, other intergovernmental organizations or partners. Delegations would be reminded of the possibility of recommending names for inclusion in the roster. Experts to be considered for inclusion in the roster would essentially be former trade policy diplomats/officials, former GATT/WTO staff members, academics, recognised experts in a specific field, trainers, and officials from other international organizations and recognised bodies. The "Selected List" of the roster would contain only the names of tested experts. It would be possible for any Division of the WTO to hire the consultants on that second list of the Roster directly for appropriate missions following a simplified procedure. On the basis of the Annual Plan for Training and Technical Cooperation and inputs from relevant divisions, the ITTC would evaluate the WTO Secretariat's needs in terms of outsourcing. While the Human Resources Section would manage the roster, the ITTC would coordinate the selection of consultants from the roster for each activity, in order to ensure effective delivery of TA and full implementation of the TA plan.

56. The Secretariat continued by saying that the second part of its note on outsourcing contained a report on WTO cooperation with other international institutions and described the process undertaken by the Secretariat to come up with an effective and coherent approach to partnerships aimed at

¹ Subsequently issued as documents WT/COMTD/W/116 and WT/COMTD/W/117 respectively.

² WT/COMTD/8

fostering outsourcing and joint activities in training and TA. The Secretariat's current policy was clearly reiterated in the note. That policy underlined that inter-agency arrangements and strategic partnerships were essential in order to respond fully to the significant mandate on TA in the Doha Ministerial Declaration. Those arrangements were also necessary in areas outside the strict competence of the WTO. One example was the involvement of UNCTAD in trade and investment activities. Such partner institutions, at the global and regional levels, had been progressively identified over the years, and many activities had taken place in areas identified for intensified cooperation. The WTO Secretariat had endeavoured over the past 18 months to develop and formalize its cooperation with different partners at the international and regional level in order to respond adequately to the Doha Development Agenda mandates. That cooperation was generally embodied in MoUs signed with WTO's partners. The Secretariat had also engaged in reformulating pre-existing MoUs to render them relevant to the Doha Development Agenda. The Secretariat was introducing some basic elements that embodied a clearer approach to the main administrative aspects of MoUs in order to allow a more coherent policy on partnerships with other organizations. That would allow the WTO to present its potential partners with a standard agreement as a basis for negotiations. As a result, the Secretariat would be able to deepen its consultations with partner institutions during the preparation of future annual plans for training and TA and make the best use of their comparative advantages in the areas of specialisation as well as in financial and other matters governed by the provisions of the MoUs in force. To that end and for coherence purposes, the Secretariat would also make full use of the WTO/OECD Doha Development Agenda Trade Capacity Building Database.

57. The representative of the European Communities said that outsourcing was an important issue on which further reflection was needed to ensure that WTO's comparative advantage was maintained. Other agencies should be used to deliver TA where that made sense. He noted the focus on two potential sources of outsourcing: consultants and partner institutions. His delegation encouraged the Secretariat to consider using other potential sources such as national government entities, universities and other academic institutions, and management schools. His delegation wished to see something more than a descriptive picture of how consultants and partner institutions were used, what the procedures were, how the registry of consultants was established and how the MoUs with partner agencies were set up. His delegation requested a more long-term perspective stating the strategy and goals of outsourcing in the coming years. He said that he realized that the Secretariat might throw that question back to the Members with the argument that the Secretariat can not do that for the Members. He was not suggesting that the Secretariat decide the strategy and the goals for outsourcing without guidance from the Members, but the issue had to be debated. His delegation also had questions related to the types of activities suitable and the ones not suitable for outsourcing and if particular institutions and delivery agents were more appropriate than others in certain circumstances. That required further discussion in preparing the 2004 TA Plan and future plans. When using outsourcing there were questions of quality control. Members would look to the Secretariat to ensure quality. Other questions such as monitoring and evaluation were also relevant. It is possible that the Secretariat felt that it was difficult enough to evaluate the activities it carried out itself and that it might be even more difficult to evaluate and track activities undertaken by others. His delegation welcomed the ideas expressed in the note by the Secretariat even though they left some questions open.

58. The representative of India said that Members had discussed the issue of outsourcing at the last meeting of the CTD. The note by the Secretariat provided a basis for further reflection on the concept of outsourcing of WTO's TA activities. Two suggestions had been made during the previous discussion of the issue. One was the importance of involving and using the expertise of regional academic institutions. That linkage had to be considered while developing any roster of experts as it could have positive spill-over effects. He understood that the former WTO Training Institute had been trying to develop such linkages with regional academic institutions. The second issue related to the development of the roster itself. Footnote 2 in the Secretariat note indicated that an initial roster

already existed based on names provided by Members. The aim seemed to be to broaden that roster. The idea discussed at the last meeting was to ensure a balance between developing and developed country experts. It would be useful for Members to keep that in mind in their further consideration of the issue. However, it was of primary importance that any expert engaged had the requisite expertise, as outlined in paragraph 7 of the Secretariat note. A third issue for Members to consider was the role the CTD should play in developing and monitoring the roster.

59. The representative of Australia said that her delegation had a number of questions with respect to the Secretariat note but appreciated that that meeting might not be the time to canvass all of them. Her delegation, as other delegations, had a general interest in how the funding of outsourced activities was envisaged. She also requested more information on guidelines and criteria for the selection of suitable consultants, whether such guidelines were necessary and how they would be constructed. The Secretariat would have an important future role in evaluating the output of consultants and other institutions. It would therefore be useful to begin to discuss processes for evaluation at an early stage. When considering the cost of outsourcing, the rates suggested in the note should be compared to the cost of having Secretariat staff perform similar duties.

60. The representative of Japan said that the issue of outsourcing was important and his delegation appreciated the general direction of the Secretariat note. The limited financial and human resources of the Secretariat could be used more efficiently by strengthening the Secretariat's cooperation with outside experts and regional organizations with certain comparative advantages. Relating partly to the comments made by the delegations of the European Communities and India, he said that neutrality was a core issue when considering outsourcing. If a former Japanese Ambassador or official was recruited to train, he would be well aware of the position of the Government of Japan. He therefore asked for examples of areas where outsourcing would be efficient and effective taking the neutrality aspect into account. Second, with respect to MoUs, he said that paragraph 22(b) on page 5 of the Secretariat Note stated that "So far, WTO has generally financed a significant portion of the budget of any TA activity organised jointly with other organisations (more than 50 per cent on average)." However, when the Secretariat had been asked about its cost sharing with other organizations during the discussion of the 2003 TA Plan, it had responded that it applied the principle that each organization paid half of the cost for joint activities. He said that he realized that there were different types of cooperation where one organization might only be a co-organizer, taking responsibility for less than half of the activity. He asked the Secretariat to clarify the rules it followed in such situations. He said that the reason why he asked that question was that the Government of Japan had both contributed to the DDAGTF and funded other organizations' parts of their joint activities with the WTO. Other organizations had requested funding for half of the cost of activities delivered in collaboration with the WTO. He said that he therefore was surprised that the WTO sometimes had paid more than half of the cost.

61. The representative of the United States said that her delegation was among those who believed that the concept of outsourcing had to be considered in order for the WTO to achieve what it had to achieve in the regular TA plan. The needs would always be greater than the ability to deliver, particularly as the Secretariat's expertise was critical for the negotiations themselves. Her delegation shared many of the questions that had been raised by other delegations, and in particular the points mentioned by the representative of the European Communities on the types of projects best suited for outside experts, the types of organizational skills that it would be most helpful to match with different types of projects to ensure that the right individuals or organisations were engaged, and the point made that evaluation and selection criteria had to be established.

62. The representative of Mauritius said that it was positive that the WTO tool-box for TRTA and capacity building was becoming larger. The outsourcing exercise was a good step towards the democratisation of WTO's TA and capacity building. His delegation hoped that outsourcing would achieve the aim of bringing a balance to WTO's TA by using resources from outside the system.

63. The Secretariat said that it appreciated the comments made by Members and that the Secretariat would remain guided by the CTD which continued to oversee WTO's TA and development work. In response to the issues raised by the representative of the European Communities the Secretariat said that academics and Government officials with relevant expertise would be considered when outsourcing. Members would be asked to complement the WTO roster. With respect to the issue of strategy, the Secretariat said that the CTD would remain the principal guide and strategy setting body for the Secretariat's TA work. The Secretariat was encouraged that the CTD intended to remain engaged in TA and committed to its guiding role. As far as the outsourcing project was concerned, the Secretariat said that it had outsourced for a long time. Outsourcing was thus nothing new, even if the Committee believed that it should be more organized to bring all issues related to outsourcing into perspective. The Secretariat had prepared the note to introduce some focus and strategic planning to outsourcing. Quality control was an issue that concerned Members and the Secretariat alike. It was linked to the issue of the resources available to the TA Audit. With respect to regional academic institutions the Secretariat said that it already was working with a number of such institutions. That cooperation had been intensified in Africa in the context of the three months training courses. The trainers at the ongoing three months training course in Nairobi came from different universities and institutions. They had just briefed about the deliberations in the CTD. Two of the participants in the three months training course in Nairobi had also been present at the launch of the training of trainers programme and had been consulted in the preparation of the Secretariat note. The Secretariat note was thus the result of consultations with individuals, institutions, delegations, governments, donors, regional institutions and academics.

64. The Secretariat continued by saying that it concurred with Members' wish for a regionally balanced choice of consultants and institutions to outsource to. It also agreed with the delegation of Japan that the issue of neutrality of consultants was important. The TA Audit had a role to play in that respect. It was also important to note that the Secretariat would only outsource some aspects of an activity, and not the activity as a whole. The Secretariat would continue to play the lead role in all WTO TA activities. Outside expertise would only supplement and support work done by the WTO Secretariat itself. The Secretariat would consequently be monitoring how consultants respected the requirements of objectivity and high standards. That monitoring could be further enhanced if the capacity of the WTO TA Audit was enhanced. With respect to the issue of funding raised by the representative of Australia the Secretariat said that outsourcing was not a new activity. Outsourcing was a continuing activity that needed to be re-evaluated, focussed and controlled as it had grown much in the recent past. The remuneration of consultants would continue at the same level as in the past. Outsourcing had to be considered from a cost-benefit perspective. The possibility of increasing the strength of the Secretariat should always be considered as opposed to outsourcing and vice versa. The representative of Japan had asked a question relating to MoUs and cost sharing and the Secretariat responded that it was moving towards a cost-sharing of fifty-fifty through more formalized agreements with other organizations elaborated in the MoUs. The Secretariat would have to look more closely at the particular case mentioned by the representative of Japan. It knew of situations where it had contributed 75 per cent of the cost while regional economic institutions had contributed 25 per cent of the cost of activities in which they played minor roles. However, it had to be kept in mind that regional economic institutions such as ESCAP and ECA also often contributed expertise to joint activities. The idea was to build tripartite relationships in terms of cost-sharing between such UN commissions, regional development banks and the WTO. The Secretariat concluded by saying that it would be pleased to provide further information if Members so requested.

(v) *Information regarding the trade policy clinics*

65. The Chairman informed Members that there was a mistake in the French version of Airgram WTO/AIR/2099/Rev.1 with respect to sub-item E (V) which read "Renseignements concernant les centres de consultation sur les politiques commerciales" when it should have read "Renseignements concernant les services de consultation sur les politiques commerciales".

66. The Secretariat said that a note on "trade policy clinics" had been circulated to Members as JOB/(03)94. That note focused and expanded on three main aspects of the trade policy clinics: scope, beneficiaries, and modalities for the implementation of trade policy clinics. First, the Secretariat had refined the scope of the trade policy clinics. The trade policy clinics would be demand-driven and tailored to come up with practical recommendations on specific trade-policy concerns of the requesting Members in areas that would not be covered by the Secretariat's present TA activities. The trade policy clinics would also provide the Secretariat with a mechanism to respond quickly and flexibly to crises or urgent TA needs over the course of 2003. Features could include preliminary assessments of technical cooperation and capacity building needs and, where appropriate, be fed into the WTO regular training/TA process. Second, the Secretariat had initially identified three groups of beneficiaries that would have priority: countries emerging from crises or conflicts which needed to start from "ground zero" in developing their trade regime as their institutional capacity had been destroyed in conflicts for example; countries in transition which had an urgent need for market-oriented legislative and trade policy assistance; and small economies which faced specific problems. Moreover, the Secretariat would also take into account whether requesting Members benefited from other major TA programmes before making a final selection of beneficiaries. Third, like any other training/TA activity, the trade policy clinics would be coordinated, administered and delivered by the ITTC. Due to their related experience, the Trade Policies Review Division and the Development Division would be closely associated. Furthermore, the ITTC would seek to involve and build synergies with other international organisations whose particular expertise would be relevant to the needs of the beneficiary. Finally, the Secretariat hoped to organise, in the near future, a pilot trade policy clinic in order to test its ideas and gain operational experience. That would enable the Secretariat to elaborate further on that TA product and revert to Members for more guidance. The Secretariat said that Members' inputs would contribute to refining the concept and ensure that it effectively met Members' needs.

67. The representative of Mauritius said that his delegation had noted with interest the functional details of the trade policy clinics initiative. His delegation appreciated that priority was going to be given to countries emerging from crisis or conflict situations. He was also happy to note that it would encompass the interests of transition economies and small economies as that was of particular interest to his delegation. The trade policy clinics were welcome as there was a need to carry out a diagnosis of the problems and issues related to small economies, as provided for in the Doha Development Agenda. Paragraph 35 of the Doha Ministerial Declaration contained the specific mandate which required the framing of responses to the problems and needs of the small economies. The trade policy clinics was an important instrument in the developmental tool-box of the WTO. It would be a good complement to already existing tools. It was his understanding that once a trade policy clinic had been undertaken on a pilot basis, an evaluation of its efficiency would be undertaken. He believed that it was good to assess the trade policy clinics as early as possible and determine possible lessons that could improve future delivery. If the experience with the first trade policy clinic would not be conclusive, he hoped that remedies would be sought to make them more meaningful in the future. The aim of the trade policy clinics was to ensure that Members were empowered to strike the right balance between their rights and obligations. It was therefore important to recognize that the trade policy clinics had to be designed to feed into the regular WTO TA and capacity building programmes. He said that if the trade policy clinics were to be successful, they would have to be backed by earmarked funds. It was unhelpful to have a TA programme, the implementation of which was uncertain. No TA activity was implemented without the back-up of financial resources.

68. He went on to speak about the regional dimension of the trade policy clinics and said that there was a need to determine, in advance, the full range of issues of common interest to the Members of the region. That was an important element of the approach that the Secretariat was taking. His delegation agreed that there was a need to avoid duplication. Each Member should take that as a warning to ensure that there was no duplication. There was no doubt that the trade policy clinics would be needs-based and would succeed. The Secretariat had the infrastructure and the human

resources necessary to carry them out. However, their success was contingent on the necessary funds being made available. His delegation was aware of the efforts made by donor partners and reiterated his delegation's gratitude for their continued support. The trade policy clinics was a new and commendable initiative to which he was certain that the donor partners would respond adequately.

69. The representative of Rwanda said that his delegation wished to see the trade policy clinics integrated into WTO's regular TA. The criteria identified for the holding of trade policy clinics were legitimate as the trade policy clinics would target WTO Members emerging from crises, transition economies and small economies. Many Members wished to make efforts to integrate into the multilateral trading system. However, the situation in countries emerging from conflicts such as Rwanda would merit real capacity building at all levels. The Government of Rwanda was currently engaged in a real liberalization effort and deserved to be assisted. Trade was one of the most important means to rid countries of poverty and he was confident that the UN goals to reduce poverty would be met before 2015. His Government was committed to reducing poverty to 25 per cent of Rwanda's population by 2015. The WTO could continue to provide capacity building activities to assist his Government in its efforts.

70. The representative of Switzerland said that the trade policy clinics were an attractive tool. The trade policy clinics were indicative of the need of some countries to have a better dialogue with the WTO and receive practical support in the application of their trade policies. The trade policy clinics were in that sense closely related to regular TA. However, he said that it might be difficult to restrict that type of service to emergencies or to a category of countries that could not be easily defined. His delegation therefore wished to gain more experience from the implementation of trade policy clinics. A decision might then be taken to offer them to a wider group of beneficiaries. Trade policy clinics should be seen as a transitional solution that went in the direction of something that had been discussed in the context of special and differential treatment (S&D) which was to create a possibility of monitoring, defined in that context in respect to differential treatment for developing countries and LDCs in particular. His delegation believed that what was needed over time was a working relationship between the Members and the Secretariat in specific countries to assist those Members to use the opportunities of S&D and build institutions to enhance their ability to comply with trade rules. That should, in the longer term, be seen as an extension of the Trade Policy Reviews which, at the present time, were the only instrument of direct contact with Members at the working level. The trade policy clinics should be considered as a transitional scheme and a pilot experience in view of a future extension of the services of the Secretariat but also of the Members in the sense that such an activity would imply a peer review of national action plans by WTO bodies. Members would also have to take the costs of any extension of the trade policy clinics into account.

71. The representative of Mauritania said that paragraph 3 of document JOB(03)94 had drawn his delegation's attention as it stated that "...a country which already benefits from the Integrated Framework (IF) or JITAP should not be able to request a clinic." It was logical to give priority to a certain group of countries as mentioned in the document. However, it was also logical that all useful WTO services should be extended to a larger number of beneficiaries. The possibility should remain open for other Members to benefit from the trade policy clinics in the future, keeping in mind the capacity of the trade policy clinics, the nature of the requests and the resources available.

72. The representative of Tunisia said that his delegation agreed with the need to avoid any overlap in the provision of WTO TA. Nevertheless, the idea of trade policy clinics was an interesting one and the trade policy clinics were only in the process of being conceived. The trade policy clinics should constitute a pilot scheme to make developing countries aware of their rights in the WTO Agreements. His delegation therefore supported the statement made by the representative of Mauritania with respect to paragraph 3 of JOB(03)94. The trade policy clinics should not be limited to a few Members. It should rather be enlarged to all Members that needed it.

73. The representative of the United States said that, since the Director-General had introduced the idea of trade policy clinics, her delegation had been intrigued by how it might be conceived. Document JOB(03)94 was helpful in that respect. It was appropriate to consider the trade policy clinics as an initial concept that would focus on crisis-type situations or unique problems. The large regular programme of TA should meet the other needs. However, the trade policy clinics might find their niche for those Members in particular need. Beginning with that focus seemed logical. Over time it could then be considered if there was a way to expand the trade policy clinics once they had been tested and proven to work. She noted that the note by the Secretariat did not mention how the trade policy clinics would be financed. She asked how their funding related to the 2003 TA Plan and the DDAGTF and whether the trade policy clinics would be part of the DDAGTF or separate. Her delegation agreed with the delegation of Mauritius that it was important to expand the tools available to meet the different needs of WTO Members.

74. The representative of the European Communities said that his delegation was not entirely clear about what the trade policy clinics could provide. The Secretariat note did not make that much clearer as it suggested that the trade policy clinics could be useful in a number of situations and in different contexts such as dealing with crisis situations, filling gaps in the TA plans, assisting Members implement obligations and translating them into domestic legislation, enhancing capacity, playing a diagnostic role in determining needs, and supporting the requests of Members in need of TA. That indicated that there still were a number of tracks open and it was unclear which one of those would be favoured. His delegation was interested in the idea of having the trade policy clinics provide a standing framework which would enable the Secretariat to respond to needs that emerge at short notice during the course of a year and which could therefore not be planned. That was linked to the question of how to assess requests for ad hoc activities and how to decide which ones to respond to at what time. It was necessary to work with clear criteria given the existing human and other resource constraints. He said that a simple first come, first served response might not be adequate. If two or three crisis followed one after the other the Secretariat would soon be overwhelmed with demands that could not be met if it worked on that basis. He said that his delegation would welcome any opportunity to further discuss the trade policy clinics after the pilot clinic had been carried out. He asked what this would involve and when it would be undertaken. His delegation wished to ensure complementarity between the trade policy clinics and other activities, including those undertaken by other agencies or organisations. One example was countries which had recently emerged from crisis or conflict situations in which there often were a number of organizations working on the ground with the aim of assisting them to recover. The World Bank was often involved in such situations and if the WTO was to be involved as well it had to be clear that the WTO had a complementary role to play. Similarly, there was already the IF for the LDCs which included a process based on national plans and strategies. Again, anything done by the WTO in that context had to support the already existing exercises.

75. The Secretariat thanked delegations for their feedback on the note and for providing the Secretariat with further guidance on the trade policy clinics. No trade policy clinic had yet been held. However, the Government of Sierra Leone had requested a trade policy clinic. Sierra Leone was an example of a country emerging from civil war and the Secretariat was considering it as a possible candidate for a pilot trade policy clinic. The trade policy clinics would not be launched on a wide basis. They would respond to specific needs and be carried out in Member countries that met the set criteria. Based on the experience gained, the Secretariat would consult with Members and other agencies with which the WTO normally cooperated to get information regarding the security situations and other activities undertaken in each possible candidate country for a trade policy clinic. With respect to funding he said that the intention was to include the trade policy clinics in the 2004 TA Plan. Responses to a number of the questions posed by Members would find their answers once the draft 2004 TA Plan would be considered. The Secretariat had already begun to consult with different groups of Members in preparation of the 2004 TA Plan. Members' ideas and the ideas of trade policy clinics and outsourcing would be reflected in that Plan. The Director-General had

envisioned the trade policy clinics when he had heard of the 2003 TA Plan. He had since been involved in the elaboration of the trade policy clinics. The Secretariat would remain engaged and guided by Members in the further elaboration of trade policy clinics. The trade policy clinics would be funded as a TA project in 2003, using the DDAGTF. The Secretariat had a certain leverage as some money could be spent on ad hoc and other activities such as the trade policy clinics. However, the trade policy clinics would get a specific place in the 2004 TA Plan. He said that he would provide Members with additional information as the trade policy clinics evolved.

76. The Chairman suggested that Members' views be taken into account when the Secretariat finalized its plans regarding outsourcing and trade policy clinics and that the Secretariat issue formal WTO documents on those two issues before the next formal meeting of the CTD.³

77. The Committee took note of the presentations and the statements made.

(vi) *Report on training activities (WT/COMTD/W/115)*

78. The Chairman said that the report on the training activities was contained in document WT/COMTD/W/115. As Members were aware, the Training Institute which had been created in June 2001 had been merged with the Technical Cooperation Division to create the ITTC directed by Mr. Paul Rolian. The report on the training activities which Members had in front of them was thus the last one which would present the training activities of the former Training Institute in a separate manner from other WTO TA activities. The information regarding training activities would in the future be part of the quarterly reports on the training and technical cooperation activities. The report contained in document WT/COMTD/W/115 covered the period from 1 September 2002, which was the date of the last report, to 15 March 2003, which was the date of the reorganization of WTO's training and technical cooperation activities.

79. The representative of the United States said that her delegation had noted that the Secretariat had spent a fair amount of its resources in the past year to train the trainers within the WTO Secretariat. Her delegation considered that to be an important initiative in view of the fact that WTO staff was often used for training purposes. However, she asked what the Secretariat's intention was in the coming year and whether the Secretariat intended to expand the training of trainers concept beyond the Secretariat. She noted that the Secretariat in previous discussions had mentioned that part of the purpose of the regional training programmes was the training of trainers, but wondered whether other such initiatives to take the training of trainers concept out of the Secretariat were considered.

80. The Secretariat said that it did have plans to take the training of trainers concept beyond the Secretariat staff. However, that would not be the same kind of training. It had to be kept in mind that the internal training of trainers had essentially dealt with presentation skills and how to conduct a training activity, as most of the staff recruited by the Secretariat were not recruited for their didactic skills but were hired as they were experts in particular trade topics. However, that staff had increasingly been called upon to carry out training activities. The training of trainers activities that would be conducted outside the Secretariat would be different in the sense that they would involve capacity building for training in regional institutions. The focus would not be on the training skills as the academics the Secretariat was working with were assumed to have the capacity to teach. The aim of that training would rather be to assist with the development of curricula, expertise in WTO related matters which might not be their specialization, and generally move the focus to longer term capacity building of that nature. The two concepts of training of trainers were different, and the Secretariat was not transposing the training carried out in the Secretariat to the field.

81. The Committee took note of the document and the comments made.

³ Subsequently issued as documents WT/COMTD/W/116 and WT/COMTD/W/117 respectively.

F. DECLINING TERMS OF TRADE FOR PRIMARY COMMODITIES, AND ITS IMPLICATION TO TRADE AND DEVELOPMENT OF PRIMARY COMMODITY EXPORTING COUNTRIES (WT/COMTD/W/113)

82. The Chairman said that agenda item F related to declining terms of trade for primary commodities, and its implication to the trade and development of primary commodity exporting countries. At the request of some African primary commodity exporting countries it had been agreed that the item remain on the agenda. The delegations of Kenya, Tanzania and Uganda had submitted a paper on the issue contained in document WT/COMTD/W/113.

83. The representative of Kenya said that she wished to introduce the non-paper contained in document WT/COMTD/W/113. She said that Members would recall that, at the last meeting of the Committee, held on 7 March 2003, her delegation had made a statement on behalf of the delegations of Kenya, Uganda, Tanzania, Lesotho and Zimbabwe expressing concern at the crisis situation created by declining prices of primary commodities and highlighting the need to address in the WTO discussions and negotiations the problems which that situation posed to the trade and development of the primary exporting countries. Her delegation had chosen to make a somewhat lengthy and detailed statement at that time as the non-paper, on which her delegation was working in cooperation with delegations from other Commonwealth developing countries and which contained some preliminary ideas on the action that could be taken under the WTO's rule based system to deal with those problems, had not been ready by the time of that meeting. She said that she was glad that the non-paper had been circulated and that it now could provide a basis for discussions in the CTD. She said that she would therefore confine herself to emphasizing the main points that had been made in the non-paper. They included the following. First, that the prices of almost all primary commodities (both agricultural and minerals) had fallen to exceptionally low levels as compared to the levels that had prevailed in the twenty-year period from 1980 to 2000. Secondly, the main factor responsible for the decline in the prices of agricultural commodities was the imbalance between supply and demand. In the case of coffee and cocoa and some other commodities, the oversupply was structural in nature as the production consistently exceeded world demand. For commodities such as cotton, sugar and vegetable oils, which were produced both in the developed and developing countries, the primary reason for the prevailing low prices was the domestic and export subsidies (including export finance and credits) granted by some developed countries. In the case of sugar however, a domestic support policy managed by the European Union provided the benefit of higher guaranteed domestic prices to sugar imported from some developing countries. Third, the sharp decline in the prices of primary commodities had created a crisis situation in most commodity exporting countries as there was a close relationship between world market prices and poverty levels. The decline in prices of commodities had also resulted in a steep fall in foreign exchange earnings for about fifty developing countries which depended on three or fewer commodities for more than half of their exports. Thirty-seven of those countries had been categorized by the IMF and the World Bank as Heavily Indebted Poor Countries. Fourth, although the prices of some of the commodities had risen since the mid 2002, those increases appeared to be prompted either by poor harvests or by speculative buying due to political developments rather than reflecting any long term trend towards an improved balance between world demand and supply.

84. She further said that her delegation was aware that efforts were being made by international commodity organizations and some non-governmental organizations as well as by the producing countries themselves to find solutions to the problems posed by declining prices of primary commodities. Those included a proposal adopted by the International Coffee Organization that member countries should voluntarily agree to prohibit the export of coffee which did not meet certain minimum standards. She said that her delegation was aware that the cotton exporting countries from Africa had demanded that the WTO agree on a total ban on the granting of subsidies to cotton producers. Some of the producing countries appeared to be consulting among themselves on the

desirability and feasibility of entering into arrangements for supply management for example for commodities like coffee and sugar. Even though those were steps in the right direction, the countries sponsoring the non-paper considered that those efforts needed to be complemented by focused and coordinated work in the WTO to seek long term solutions to the problems faced by primary exporting countries under its rule based system. The legal basis for such work in the WTO was provided by Article XXXVIII in Part IV of the GATT which *inter alia* stated that Member countries might take "Joint action" to negotiate, if necessary, international arrangements providing for "measures designed to stabilize and improve conditions of world markets in these products, including measures designed to attain stable, equitable and remunerative prices for exports of primary products". Taking those provisions of the GATT into account and the serious adverse impact which declining prices of primary commodities were having on the trade and economic development of exporting countries and on their efforts to alleviate poverty, the authors of the non-paper suggested that the CTD examine, on a priority basis, the impact which the crisis situation created by those developments was having on: the trade and development of countries which were heavily dependent on exports of primary commodities and on their capacity to pay and service their foreign debts. The non-paper identified an illustrative list of elements that could be included in the work programme that might be adopted as a result of such an examination.

85. She continued by saying that, with that description of the main points and of the proposals for action made in the non-paper, she would, before turning to the discussions on how future work in the Committee on that agenda item should be organized, make a few general observations. She said that she had earlier referred to the provisions of Part IV of GATT which applied primarily to developing countries. It was however worth noting that two agreements which were not based on those provisions, but aimed at supply management through taking measures for avoiding surpluses and shortages, had been negotiated during the Tokyo Round. Those were the Agreement on Bovine Meat and the Agreement on Dairy Products. The latter Agreement also provided for a mechanism for the maintenance of prices at agreed levels. More recently there appeared to be considerable support among developed countries for the proposal to bring to the WTO for incorporation in its legal framework, the agreement which was under negotiations in OECD for reducing the structural oversupply of steel in world markets, through *inter alia* the acceptance by producing countries of greater discipline in the use of subsidies in that sector. The two Agreements on Bovine Meat and the Agreement on Dairy Products had been terminated by the participating countries a few years back. The purpose of referring to those aspects of past developments in the GATT and to possible similar developments in the future work in the WTO, was to emphasize that the legal framework created by the WTO provided sufficient flexibility to take action for the stabilization of prices, taking into account special situations in the production and trade of specific commodities, provided that there were sufficient political will on the part of all Member countries to take such action.

86. She turned to the question of how further work in the area should be organized and said that her delegation believed that it was necessary to bear in mind that that meeting of the Committee would be the last one before the Cancún Ministerial Conference. The Members sponsoring the non-paper therefore realized that it would not be possible for the CTD, at that meeting, to have in depth and substantive discussion on the issues raised in the non paper. She therefore suggested that the CTD could arrange a special session to consider the issue outlined in the non-paper. The issue of commodities was an important issue which was directly linked to development. She further suggested that the Chairman, after three to four weeks should arrange for informal consultations to consider the substantive issues raised in the non-paper such as how the need to take urgent action to deal with the crisis situation created by the declining prices of primary commodities could be addressed in the communiqué or any other document that might be prepared to reflect the results of the Cancún Ministerial Conference and how the future work in the CTD on the subject-matter should be organized in the period post the Cancún Ministerial Conference.

87. The representative of Cuba said that he thanked the delegations of Kenya, Uganda and Tanzania for their communication on the important issue of primary commodities. It had been recognized that primary commodities were of primordial importance for developing countries. Agricultural products had been characterised by depressed prices for many important export products such as sugar and coffee. No possible solution seemed to emerge as structural imbalances affected those markets. He said that a recent report pointed out that the average prices for almost all commodities had been constantly declining from a maximum reached in the 1980s to the minimum prices of the last two decades. The decline in prices had been even more spectacular for tropical products. The prices for coffee had gone down to the lowest level in the past 30 years. Other agricultural products such as beverages had faced similar situations. Primary products had undergone a significant deterioration. For example, cotton prices had dropped to its lowest level when compared to the mid-1980s. There were 43 countries in Sub-Sahara, in Latin America and in the Caribbean who obtained more than 50 per cent of their agricultural export earnings from one single agricultural commodity. In those countries, there was a direct relationship between the trade of commodities, economic growth and food security. In spite of the priority given in the Doha Ministerial Declaration to the establishment of a legal framework for the progress of developing countries, the agricultural negotiations did not seem to have resolved the main problems of Members largely dependent on agricultural exports. He said that the large problems for developing countries which were related to the production of and trade in those products had not received any answers during those negotiations. High tariffs and tariff escalation made matters worse as they not only limited the problems to market access but also prevented the diversification of developing countries' agricultural production. In that connection, he said that his delegation believed that the document merited special attention in the framework of the ongoing negotiations.

88. The representative of India thanked the delegations of Kenya, Uganda and Tanzania for their submission. He said that the co-sponsors of the paper had clearly highlighted the need for urgent action to deal with the crisis situation created by the long-term trend towards declining prices of primary commodities to the trade and development of developing countries which were heavily dependent on the export of those commodities. He said that he understood the case and the argument put forward by the co-sponsors of the paper. His delegation supported the suggestion made, that the Committee hold informal consultations on the substantive issues raised in parts two and three of the paper, and consider the time frame and the work programme for discussing that important paper.

89. The representative of Rwanda said that his delegation supported the document as well as the proposals made by the delegation of Kenya.

90. The representative of Thailand said that her delegation sympathised with the statement made by the delegation of Kenya. She had not had time to examine the paper thoroughly, but supported the holding of consultations on the issue. The declining commodity prices created market imbalances. She urged the participants in the negotiations on agriculture to reach agreement on negotiating modalities as soon as possible.

91. The representative of Switzerland said that his delegation had not had sufficient time to consult on what to do with the paper submitted by the delegation of Kenya and others. It was clear that falling commodity prices was a fundamental problem for many developing countries. The question was to what extent it was useful to discuss that in addition to the aspects which were already being discussed in the WTO, or whether those additional aspects should be discussed in other institutions. What was being discussed intensely at the WTO was the question of agriculture subsidies, the question of tariff escalation, which was another item in the agricultural negotiations, the future of the Generalized System of Preferences (GSP), and the different initiatives for the LDCs. The difficult question was whether other initiatives which might be necessary, such as those mentioned in the illustrative list of elements given by the proponents, required a new forum and whether the intention was to bring questions such as agreements between producers and other

questions of that type into the WTO. On that issue, he could not give a reply for his Government. It was a question of international governance and his delegation would therefore agree to informal consultations. He said that he did not wish to give the impression that his delegation did not consider the problem of basic commodities as being important. It was one of the key questions for many poor countries at the present time. His Government was concerned about the different policies which had to be put into place to counter falling commodity prices. He was also concerned about where those questions should be discussed and where the decisions should be made.

92. The representative of Mauritius thanked the delegation of Kenya for having presented an interesting document. His delegation had only had a preliminary look at it. It had been sent to his capital for consideration. He said that he wished to express his delegation's interest in the discussion and in the paper.

93. The representative of the European Communities thanked the three delegations who had submitted the paper. He said that his delegation was in the same situation as the delegations of Mauritius and Switzerland as his delegation had not had sufficient time to study the paper since it had been only recently circulated. However, he said that his delegation wished to be involved if the Chairman chose to organize an informal consultation on the ideas contained in the paper.

94. The representative of the United States said that she appreciated delegations presenting their perspectives on the trends and causes of declining terms of trade for tropical commodities. Her delegation recognized that market conditions had not been favourable to those commodities in recent years. Like other delegations, her delegation had not had much time to examine the paper. She shared the view of the delegation of Switzerland, and in fact the authors of the paper, that it was not clear exactly what the appropriate role for the WTO would be with respect to commodities, which other institutions could be involved, and how the problem might be addressed. Like other delegations, her delegation was also aware that ongoing negotiations in the WTO, particularly the market access and agriculture negotiations, were going to be important parts of the solution. That was where a lot of the focus should be. However, if others wished to proceed with discussions elsewhere, then her delegation was prepared to participate as well.

95. The representative of Australia thanked the representative of Kenya and the other co-sponsors of the paper for the explanation given. His delegation was, like other delegations, interested in discussing the issues raised because his delegation was concerned about low commodity prices and their effect on all major agricultural traders. His government was still considering the paper but had some initial concerns which he would not spell out in detail, other than to say that he thought that experiments with institutional arrangements to manage international markets had been tried previously without much success. His delegation was willing to discuss the issue further but remained to be convinced that following that track was the best way to resolve the problems. He said that he joined others who had pointed to the core business of the WTO, as reflected in the agriculture negotiations. Those discussions, which were aimed at improving market access and reducing the excessive domestic support levels that all Members currently faced were key and constituted the equal buy which could contribute to a stabilization and increase in international commodity prices. The focus should therefore be maintained on those issues in the lead up to the Cancún Ministerial Conference. If it was the desire of the Membership to continue discussing the issue, then his delegation looked forward to participate in such a discussion.

96. The representative of China thanked the three delegations having submitted the non-paper on the long-term trend towards declining primary commodity prices. That was an important problem which reminded Members of the importance of the negotiations in agriculture and market access. His delegation supported the statement made by the representative of Kenya and he said that he would send the paper to his capital and would be happy to be further involved in informal consultations.

97. The Chairman said that declining commodity prices was a serious problem that primary commodity producing developing country Members had faced for a long time. The Fifth Ministerial Conference was a natural deadline for deciding on action related to the ideas presented in the document by the delegation of Kenya and others, and which had received the support by other delegations. He offered to hold informal consultations on the proposals made. Delegations could, in the meantime, study the document further and consider the proposals made therein.

98. The representative of Kenya said that she wished to thank the delegations that had spoken for sharing their sentiments on the issue. Her delegation was looking forward to engage constructively in informal consultations.

99. The Committee took note of the document and the comments made and agreed to hold informal consultations on how to proceed with the issue. The Committee also agreed to keep the item on the agenda of its next meeting.

G. NOTIFICATION UNDER THE ENABLING CLAUSE – NOTIFICATION FROM JAPAN
(WT/COMTD/N/2/ADD.12)

100. The Chairman said that Members had before them document WT/COMTD/N/2/Add.12 containing a notification of recent changes to Japan's Generalized System of Preferences (GSP).

101. The representative of Japan introduced his Government's recent revisions to its GSP scheme. As his delegation had mentioned at several occasions, including during discussions at the CTD, it had considered expanding the number of products originating in the LDCs which received duty-free and quota-free treatment for fiscal year 2003, which started on 1 April 2003. The expansion of the product coverage had been done with a view to further contributing to the development of developing countries, especially the LDCs, through trade. Market access was one of the most important areas in the ongoing negotiations at the WTO. Besides the ongoing negotiations, many measures for improving market access for developing countries, in particular LDCs, had been taken by the Members, such as the "Everything but Arms" initiative by the European Communities' Commission and the "African Growth and Opportunity Act" by the Government of the United States. The Governments of Australia and Switzerland had also recently taken similar initiatives. Such measures were further encouraged by the Doha Development Agenda as seen for example in paragraph 42 of the Doha Ministerial Declaration. The Government of Japan had, like other Members, recently received a briefing at the Sub-Committee on Least-Developed Countries by the Canadian delegation on initiatives undertaken by the Government of Canada in favour of LDCs. His delegation remained one of the partners determined to continue to work towards the objective of duty-free and quota-free market access for all products originating in the LDCs. Against that background, the Government of Japan had taken the decision to immediately examine, in connection with the revision of its tariff-related laws, the possibility to expand the coverage of products originating in the LDCs receiving duty-free and quota-free treatment as announced at the meeting of the G8 in Kananaskis, Canada, in June 2002. The decision had taken concrete form as of 1 April 2003.

102. He went on to say that he wished to give an overview of the new measures presented in detail in WTO document WT/COMTD/N/2/Add.12 of 12 May 2003 containing the notification by the Government of Japan. The number of LDCs' agricultural and fishery products qualifying for duty-free and quota-free treatment had been increased to around 500 items from around 300 items. In other words, an additional 200 items including prawns and frozen fish fillets had been added. As for LDCs' industrial products, almost all items had already been given duty-free and quota-free treatment. That expansion was expected to bring the percentage of products under such treatment from around 80 per cent to over 90 per cent of the total import value from the LDCs. The agricultural and fishery products which had been added were listed in Annexes I and II, as well as in the table related to

paragraph 6 of the notification. In addition, the number of products under Japan's GSP scheme which benefited not only the LDCs, but also other developing countries had been increased. Around 120 new items had been added, almost all of which were agricultural products such as dry as dried prunes, coconut oil, avocado and papayas. Furthermore, the tariff rates of around 60 existing items under the GSP scheme had been reduced. Japan's GSP scheme was open to 164 developing countries and regions on a non discriminatory basis. One hundred and eighteen (118) new agricultural products, listed in Annexes II and III as well as in a table relating to paragraph 7 of the notification, had also been added to the current 221 agricultural items that were eligible for GSP treatment. One industrial product, listed in Annex III, had been added as well. Furthermore, the tariff rates of 36 agricultural products under the GSP scheme, listed in Annex IV, had been reduced. As also shown in Annex IV, the tariff rates of 28 industrial products under the GSP had been reduced and 3 ceilings for industrial product groups had been eliminated. He said that his Government hoped that those measures and others, such as the TA activities, would contribute, together with the measures taken by other Members, to the development of the developing countries and the LDCs in particular.

103. The Committee took note of the notification and agreed that, as far as it related to improved market access for LDCs, it would be referred to the Sub-Committee on LDCs for substantive consideration and reporting back according to the reporting procedures agreed to at the 32nd Session of the CTD.

H. NOTIFICATION PROCEDURES FOR REGIONAL TRADE AGREEMENTS AMONG DEVELOPING COUNTRIES (WT/COMTD/W/114)

104. The Chairman said that, at the last meeting, the Committee had requested the Secretariat to prepare a legal note regarding the notification procedures for regional trade agreements (RTAs). That note had been prepared by the Legal Affairs Division in cooperation with the regional trade agreements section of the Trade Policy Review Division and the Development Division. The note was before the Committee for consideration in document WT/COMTD/W/114.

105. The representative of Canada said that he had only recently received the Secretariat note which seemed to be highly interesting. He suggested that the Committee considered sending the note for information to the Negotiating Group on Rules because it was undertaking an examination of RTAs and the note might help inform the work in the Negotiating Group on Rules.

106. The representative of the United States asked if the Secretariat might provide an overview of the note, given the fact that Members had just received it.

107. The Secretariat said that it had been asked to examine what the notification requirements for RTAs between developing countries were, where such notifications should be made and whether there were other requirements for regional trade arrangements among developing countries. The expression regional trade arrangements among developing countries was the one used in the Enabling Clause. The note by the Secretariat began by considering the procedural notification requirements for regional trade arrangements among developing countries, from paragraph 18 onwards. The notification of a measure under the Enabling Clause had to be notified to the CONTRACTING PARTIES. CONTRACTING PARTIES, according to the definitions of GATT 1994, referred to WTO Members. Regional trade arrangements between developing countries clearly had to be notified to WTO Members. However, the question was to which WTO body. The Ministerial Conference had been mandated to assign to WTO bodies the functions that had previously been held by the different GATT bodies. The Secretariat note concluded that, although the administration and examination of the Enabling Clause had not been explicitly given to any WTO committee, it seemed that the CTD could be considered the appropriate body to receive such notifications and to consider them first, as was the practice. The second issue examined by the Secretariat note with regard to notifications was when

such notifications should be made. The Enabling Clause did again not provide a date but did refer to the obligation to notify "when action was taken". The note did not elaborate on what the actions relating to regional trade arrangements were before they entered into force. The note simply stated that they should be notified at the latest when they entered into force.

108. The Secretariat went on to say that, as to which WTO Committee should examine such notifications, its note stated that, in practice, notifications had been sent to the CTD. The general overall power of the CTD to be a focus for developing country issues arguably made it a committee which could examine such notifications and also, as mandated by the Enabling Clause, hold the consultations that could be required by any Member on any Enabling Clause notification. The CTD had the power to hold periodic reviews on anything notified under the Enabling Clause and it also had the power to hold questions and answers on any application of an Enabling Clause provision. Hence, regional trade arrangements could be the subject of consultations and the note simply stated that if consultations were requested, as it is put in the Enabling Clause, such consultations must be held. Arguably, the CTD could handle such consultations although there was no procedure in place at the moment for such questions and answers relating to regional trade arrangements. However, the Committee on Regional Trade Agreements (CRTA) had been created after the CTD, and its mandate, contained in its terms of reference, indicated that it was a specialized WTO body for the examination of RTAs. The first paragraph of the mandate of the CRTA referred to notifications required under the Enabling Clause to the CTD. The mandate of the CRTA thus seemed to recognize the obligation to notify regional trade arrangements among developing countries to the CTD, but gave the CRTA the power to examine such arrangements. The last point made in the note by the Secretariat was that wherever the examination of a regional trade arrangement among developing countries was undertaken, it had to be done according to a mandate by the CTD, prescribing the conditions of the examination. In addition, such an examination could only be undertaken under the relevant applicable law which was the Enabling Clause. The Secretariat note concluded that it might be institutionally efficient and legally coherent to have all regional trade arrangements examined in the CRTA. as the services' aspects of such regional trade arrangements between developing countries would be notified to the Council for Trade in Services which would transfer the notification to the CRTA for examination. That would avoid the clashes and contradictions of having a single regional arrangement examined by the CRTA for its services' aspect and by the CTD for its goods' aspect.

109. The representative of Japan said that the representative of Canada had mentioned that the issue was under discussion in the Negotiating Group on Rules. He therefore asked how Members envisaged the discussions in the CTD and what the relation would be between the discussions in the CTD and in the Negotiating Group on Rules.

110. The Chairman said that the representative of Canada had suggested that the Secretariat note be submitted to the Negotiating Group on Rules in order to ensure coherence on the issue of regional trade arrangements with other WTO bodies.

111. The Secretariat said that the CTD had requested the Secretariat to prepare the note that was before the Committee. The delegation of Canada had suggested that the note be sent to the Negotiating Group on Rules for it to examine the note in the framework of its work. It was up to the CTD to decide whether the Secretariat note should be sent to the Negotiating Group on Rules. If the CTD agreed to do so, it would be for the Negotiating Group on Rules to decide how to use the Secretariat note.

112. The representative of Mauritius asked the Secretariat to provide Members with a paper copy of its introductory statement. That would clarify matters, especially the proposal made by the representative of Canada.

113. The Chairman said that the statement made by the Secretariat would be contained in the minutes of the meeting.

114. The representative of Switzerland said that he considered that the conclusions of the Secretariat note were clear, as was the oral introduction given by the Secretariat. He said that he saw no reason not to agree to those conclusions. It was clear that the notifications had to come to the CTD. It was also clear that there was a body which had to examine RTAs and that, if the CTD would itself examine those agreements separately from the CRTA, it would have to create its own procedures. All representatives to the WTO worked within the same institution and delegations normally had one legal counsellor for the different parts of the WTO. Members should therefore have a unity of thinking within individual delegations. He did therefore not see any reason why the examination of RTAs among developing countries should not be delegated to the CRTA, as that was the only procedure which made sense. The CRTA would then have to report back to the CTD. The document was quite clear with respect to when the notifications had to be made. Members should therefore not spend much time on the issue but agree to the conclusions contained in the Secretariat note.

115. The representative of India said that the Secretariat note had examined the issue of procedures for the notification of RTAs entered into under the Enabling Clause. It appeared to his delegation that the Secretariat thus had examined the issue relating to RTAs under Enabling Clause on a wider canvass than agreed to when the matter was discussed at the last meeting of the CTD. It was his delegation's understanding that the mandate given had been somewhat narrower. He emphasized that the Secretariat note had been prepared on the Secretariat's own responsibility and without prejudice to the positions of Members and their rights and obligations under the WTO. He said that he was not certain about the status of the legal note by the Secretariat. Since Members had only recently received the note which raised a number of substantive issues, his delegation would need to examine it in detail. His delegation would come back with specific comments on the points raised in the Secretariat note, particularly the concluding aspects of the various sections of the note. The Secretariat had mentioned the examination of RTAs notified under the Enabling Clause and some delegations had said that the RTAs among developing countries should be examined in the CRTA. In that context, he drew Members' attention to Paragraph 4(b) of the Enabling Clause which only referred "prompt consultations". There was no reference to "examination" in the Enabling Clause. He said that there was no need to go into further detail on that issue as his delegation's position was stated in paragraphs 106 and 107 of the minutes of the 44th Session of the CTD.⁴

116. He continued by saying that his delegation believed that the existing procedures with respect to notifications of RTAs under the Enabling Clause were sufficient. There was no need to add new obligations in terms of notification procedures or any review or examination in any other WTO body. He further said that paragraph 60 of the note by the Secretariat stated that "...it might be institutionally more efficient and legally more coherent for the CRTA to conduct the primary examination of all RTAs, without impairing Members' rights and obligations." That conclusion went beyond the mandate Members had given the Secretariat in requesting the factual Secretariat note as it prejudged the positions held by Members. There were different views on how to deal with RTAs notified under the Enabling Clause. His delegation was of the view that there was no requirement for any sort of examination of RTAs notified under the Enabling Clause. It was therefore inappropriate to draw such conclusions as those in the note by the Secretariat. He finally said that his delegation had reservations regarding the suggestion made by the delegation of Canada to send the Secretariat note to the Negotiating Group on Rules.

117. The representative of the United States said that his delegation hoped that the Secretariat note would serve as a focus for the Committee's discussion on notifications and reviews of RTAs under the

⁴ WT/COMTD/M/44

Enabling Clause. His delegation joined other delegations and the Secretariat in recognizing the need for all RTAs among all developing countries to be notified to the WTO for a review of such RTAs to be conducted. He encouraged Members to consider how the CTD could cooperate with the CRTA to conduct such reviews. He noted that the question of the relationship between GATT Article XXIV and the Enabling Clause was an issue where there were different views among Members and which was part of an ongoing dialogue in the Negotiating Group on Rules. In that sense, he said that his delegation supported the proposal made by the delegations of Switzerland and Canada to refer the document to the Negotiating Group on Rules for consideration there. However, such a decision might procedurally best be taken in response to a request from the Negotiating Group on Rules. He said that he had one technical point and a follow-up question with respect to the Secretariat note. He agreed with paragraph 4 of the Secretariat's legal analysis that the Enabling Clause applied only to agreements for trade in goods. Further, as noted in paragraph 6 of legal note, the Enabling Clause applied only to regional or global arrangements amongst less-developed countries for mutual reduction or elimination of tariffs and non-tariff measures, on products imported from each other. The Enabling Clause thus only provided special and differential treatment with respect to the internal aspects of the RTA between the parties. He said that his delegation was less certain that it applied to the external aspects of the RTA that affected imports from third parties. Included among such external aspects were the application of a common external tariff or common regulations of commerce that would resolve from a formation of a customs union. He asked what the Secretariat saw as notification requirements that would be applicable to those other external aspects of an agreement that would satisfy the internal aspect with respect to the Enabling Clause, but fall outside its scope with respect to those other matters. Lastly, he said that his delegation had submitted questions to the delegations of India and Sri Lanka, as it had indicated that it would. His delegation looked forward to receiving a formal answer to those questions on the RTA between India and Sri Lanka in the near future.

118. The representative of the European Communities said that, on a first reading, his delegation was attracted by the analysis which was close to its own. He said that the Secretariat note was a good point of reference for the Committee's discussion on the question of procedures to follow with respect to RTAs between developing countries. He agreed with the essence of the Secretariat's analysis that the CRTA was empowered by Members to undertake examinations of agreements between developing countries if it was asked to do so by the CTD, and in line with the relevant legal provisions. His delegation was also conscious that the mandate of the Negotiating Group on Rules potentially included that area of work. The document was therefore potentially relevant in that context as well.

119. The representative of Sri Lanka said that the note by the Secretariat had only recently been circulated and his delegation might comment on it at a later occasion, specifically on the concluding paragraphs. With regard to the question raised by the representative of the United States on the FTA between Sri Lanka and India, he recalled that that issue had been discussed and dealt with in detail at previous sessions of the CTD and had been duly notified keeping with Members' obligations. His delegation therefore was of the view that there was no need for the CTD to take up that issue again as his delegation had fulfilled its obligations.

120. The representative of India said that the representative of the United States had referred to the free-trade agreement between India and Sri Lanka. He noted that the issue under discussion was a broader systemic issue as the agenda item was called "Notification procedures for regional trade agreements among developing countries". His delegation therefore felt that it was inappropriate to refer to any particular RTA under that agenda item and would have difficulty with such an approach.

121. The Chairman said that there was no consensus on the proposal to transmit the Secretariat note to the Negotiating Group on Rules.

122. The Committee took note of the document proper and statements made and agreed to revert to the item at the next meeting.

123. The meeting was suspended.

Resumed meeting on 12 June

I. PARAGRAPH 51 OF THE DOHA DECLARATION ON IDENTIFYING AND DEBATING DEVELOPMENTAL ASPECTS OF THE NEGOTIATIONS, IN ORDER TO HELP ACHIEVE THE OBJECTIVE OF HAVING SUSTAINABLE DEVELOPMENT APPROPRIATELY REFLECTED

- Presentation by the Agriculture and Commodities Division

124. The Chairman said that agenda item I, relating to paragraph 51 of the Doha Ministerial Declaration, was a standing item on the agenda which dealt with how the CTD, within its mandate, could help achieve the objective of having sustainable development appropriately reflected in the ongoing negotiations. He said that, at the 44th Session, it had been suggested that the Committee invite Secretariat staff servicing negotiating bodies to explain what the different negotiating groups were doing in relation to the development agenda and that one negotiation group be invited at a time. It had been decided that the first presentation would deal with the developmental aspects in the negotiations on agriculture.

125. The Secretariat said that its presentation would summarize the main points in the paper which had been made available to Members. He said that a lot was at stake in the agriculture negotiations, since agriculture in many cases was the backbone of developing country economies. It was therefore not surprising that most, if not all, issues discussed in the agricultural negotiations had a development orientation. One key development issue was the depth of further commitments by developed country Members in the areas of export subsidies and trade-distorting domestic support. Developing country Members were united in demanding that and were clear about what they expected. Core negotiating objectives for developing country Members were large reductions of trade-distorting domestic support and the elimination of export subsidies. That was a precondition for many developing country Members to add momentum to the negotiations on market access. Another developing country concern related to a trend, mainly by developed countries, to switch support from one product to another or from one subsidy category to another, without any tangible liberalizing effect. He said that a number of proposals had been tabled in the Committee on Agriculture, including the Chairman's first draft on modalities, on how to restrict that flexibility. Regarding the issue of market access, he said that most developing countries were in favour of significant improvements in the access to the markets of developed countries. However, when it came to their own participation in the process of reducing protection, developing country Members' interests differed. That was due to a variety of reasons which depended on how they perceived the short-term competitiveness of their agricultural sector as well as how they believed it would evolve in the long run.

126. He went on to say that the issue of S&D was undisputed, however there was a wide divergence of positions regarding the type of S&D to be provided. In addition to the traditional S&D in the form of lower reduction rates and longer implementation periods, developing country Members were seeking enhanced S&D, particularly in the areas of domestic support and market access. The modality paper by the Chairman of the Committee on Agriculture contained a number of ideas in that regard, for instance, the concept of special products. He said that the effectiveness of the instruments contained in the Marrakesh Decision on Net Food-Importing Developing Countries was an important implementation matter related to the Agreement on Agriculture. The main concern was that LDCs and Net Food-Importing Developing Countries (NFIDCs) had faced and could face in the future,

higher food import bills as a result of export subsidy reductions. Various proposals had been made to establish a revolving fund to cushion the impact of price shocks but those proposals had so far failed to convince the donor community. Discussions on how to improve the effectiveness of the Marrakesh Decision were ongoing. He said that, at the General Council meeting on Coherence on 13 May 2003, Horst Köhler, Managing Director of the IMF had confirmed that the IMF would consider the concerns of the NFIDCs and LDCs when reviewing the Poverty Reduction and Growth Facility and the Compensatory Finance Facility during that year.

127. The representative of India thanked the Secretariat for its presentation but said that his delegation had its own views on how development issues were being dealt with in the Committee on Agriculture. However, that was something that his delegation had taken up in that forum. He said that the Secretariat's observation with respect to developing country Members' reticence to open up their own markets was factually correct. However, a complete picture was necessary in order to understand why developing countries were so reluctant towards the question of market access. President Blaise Compaore of Burkina Faso had explained, at the meeting of the WTO Trade Negotiations Committee on 10 June 2003, the problems faced by some countries due to the subsidies provided by one major producer for one product and how those subsidies distorted prices on the world market. The reason why developing countries were reluctant to open up their markets was that the market for agricultural products was distorted. He said that more than US \$300 billion worth of subsidies provided by the OECD countries for agricultural products were a major cause for the distortion in agricultural trade. Developing countries could not be expected to liberalise their agricultural markets unless that problem was satisfactorily addressed.

128. The representative of Indonesia said that the Secretariat was correct in saying that the negotiations on agriculture were important to developing country Members. There was no doubt that the agricultural negotiations needed to rectify the current imbalances of the existing Agreement on Agriculture. The Uruguay Round had allowed developed country Members to protect their rich farmers from the impact of trade liberalisation whilst at the same time poor farmers in developing countries were left to fend for themselves with the increasing pressure of trade liberalisation. Contrary to the farmers in the OECD countries who received billions of US dollars in support, Indonesian farmers, who received minimal or no domestic support, were only protected from the influx of artificially cheap agricultural products by an average tariff rate of 8.4 per cent. He said that he agreed with the representative of India that the objective of any agreed modalities on agriculture should include a commitment to fundamental reform of domestic support and export subsidies by those Members that were responsible for those distortions. During discussions in the Special Session of the Committee on Agriculture, his delegation had reiterated the importance of ensuring that reform resulted in fair agricultural trade from which developing countries could reap the benefits. Developing countries were fully committed to agricultural trade reform as stipulated in Article 20 of the Agreement on Agriculture. However, that reform process needed to ensure fair agricultural trade which meant that the concerns of developing countries, particularly food security, growth, development and other S&D provisions had to be taken into account.

129. The representative of the Philippines said that developing country Members had been actively engaged in the negotiations on agriculture in the past. She said that agriculture was an area in which the attainment of the developmental objectives of the Doha Development Agenda could be measured in terms of how the development objectives of developing countries were addressed in the agricultural negotiations.

130. The representative of the European Communities said that the presentation by the Secretariat gave Members a good opportunity to discuss the objective of having sustainable development appropriately reflected in the ongoing negotiations, as provided for in paragraph 51 of the Doha Ministerial Declaration. He suggested that, at the next meeting, the Committee deal with the developmental aspects in the area of non-agricultural market access. In the context of export

subsidies, he said that the Secretariat paper on agriculture had failed to make reference to export credits although there was wide agreement on the need for their elimination. With respect to the erosion of preferences, he said that the paper stated that some of the defensive positions taken by developing countries with respect to market access were the function of the time horizon. However, his understanding was that developing country Members' views on the issue of market access depended on more than just the question of timing. His delegation had proposed a number of measures in favour of developing countries' access to developed country markets. His delegation believed that, a commitment should be made by developed countries at the Fifth Ministerial Conference to provide duty free and quota free access for all imports from LDCs. Developed countries needed to ensure zero duty access for developing country exports for no less than 50 per cent of developed country imports. His delegation had also put forward a proposal to reduce tariff escalation on products of particular interest to developing countries. With respect to the defensive interest of developing countries towards market access, his delegation believed that the modalities should allow developing countries to assume lower reduction commitments and longer implementation periods to facilitate the implementation of those commitments. He said that the question of excessive rates of inflation needed to be addressed in the negotiations on agriculture to avoid economies with excessive inflation rates from suffering. Increased TA was also needed to provide sustainable economic development. His delegation was in favour of a certain degree of flexibility in relation to domestic support measures, the de minimis clause and was also in favour of a safeguard instrument that would protect key food security crops in developing countries. His delegation believed that those proposals should be included in the modalities on agriculture as they addressed the general goal of the development agenda.

131. The Secretariat said that the point it had attempted to make in the paper when referring to the time horizon was that protection could possibly have short term benefits but that there were long term costs with protection. Those included costs to the consumers, the taxpayers and the exporters that used the protected products as inputs into goods that they would later export.

132. The Chairman said that the issue of agriculture was a key element in the ongoing negotiations. He said that agriculture was the cornerstone for the stability and social cohesion of some countries which were heavily dependent on agriculture. Although the issue of agriculture was dealt with in other WTO bodies, it was important for the CTD to keep its course set on the developmental aspects of agriculture. That should motivate developed and developing country Members to consider how to enhance the integration of developing countries into the multilateral trading system and to find solutions to the challenges in the area of agriculture. He said that if Members agreed, the Committee would continue to consider the mandate given in paragraph 51 of the Doha Ministerial Declaration at future meetings. He said that Tunisia was a country where the agricultural dimension was fundamental. The Governments of Tunisia and the European Communities had a special partnership in which agricultural was an important component. He reiterated the importance of agriculture for both Member countries in the North and in the South. He said that he had intended to invite Members to make proposals on how the agenda item on sustainable development could be dealt with and asked if the Committee could agree to the suggestion by the representative of the European Communities, that the next presentation relating to paragraph 51 of the Doha Ministerial Declaration relate to the developmental aspects of the negotiations on non-agricultural market access.

133. It was so agreed. The Committee took note of the presentation and the statements made.

J. ELECTRONIC COMMERCE

134. The Chairman said that, at the last meeting, the Committee had had before it document WT/COMTD/W/110 containing a description of the work that had been carried out on electronic commerce (e-commerce) in the CTD. That document showed that the CTD had been active in the area of e-commerce and had carried out an extensive educational process on issues relating to e-commerce and development. However, Members had not made any specific suggestions on how to build on that work. That might have been the result of Members being busy with preparations for the Fifth Ministerial Conference in Cancún. He invited Members to make suggestions on how the CTD could carry forward its work on e-commerce. He said that e-commerce referred to the practical application of new technologies in the area of information and communication and that it was important to ensure that activities being carried out in the international community reverberated in the discussions on e-commerce in the CTD. He made reference to the World Summit on the Information Society, the first phase of which would be held in Geneva in December 2003, and the second phase of which would be held in Tunisia in November 2005. He said that new information and communication technologies might constitute a solution to narrowing the digital and social divide between the North and the South. Such Summits should also seek to ensure that new information and communication technology worked for the benefit of trade and development by ensuring that a practical application in trade could contribute to sustainable development.

135. The representative of Tunisia informed Members that UNCTAD, together with the Government of Tunisia, was organising an African Ministerial Conference on the Strategies of Electronic Commerce in Development which would be held on 19-21 June 2003 in Tunis. That event would give African representatives from the Government, the private sector, the civil society, regional, international, as well as non-governmental organisations the opportunity to discuss different aspects of new technologies and e-commerce and would contribute to define a programme of action to apply new technologies to ensure sustainable development. That Conference would also deal with the role of e-commerce in Africa and how to draw up policies and strategies for the enhanced contribution of e-commerce to regional integration and development. A draft declaration was being finalised by the African Group at UNCTAD. That declaration would constitute the basis for a plan of action to improve African countries' access to information and communication technology infrastructure within the framework of the preparations for the World Summit on the Information Society which would be held in two phases. One in Geneva in December 2003 and the second in Tunis in November 2005.

136. The Chairman said that two similar regional Conferences would be held: one for Asia in Bangkok, Thailand, and another for Latin American and Caribbean countries. He reminded Members that paragraph 34 of the Doha Ministerial Declaration instructed the General Council to consider the most appropriate institutional arrangements for handling the Work Programme on Electronic Commerce and to report on further progress to the Fifth Session of the Ministerial Conference. Pursuant to that, the General Council had agreed, at its meeting in October 2002, to maintain the current institutional arrangements for handling the Work Programme on Electronic Commerce, namely that the Council for Trade in Services, the Council for Trade in Goods, the TRIPS Council and the CTD examine and report on aspects of e-commerce relevant to their respective areas of competence. He suggested that the Secretariat be asked to draft a brief factual report summarizing the Committee's work on e-commerce since the Doha Ministerial Conference including references to the relevant parts of the reports of the meetings at which the issue was discussed and that the Committee adopt that report on a non-objection basis. He said that Members would have five days to forward their comments to the Secretariat after they had received the draft. The report would then be forwarded to the General Council if no major substantive comments were made.

137. It was so agreed.⁵

K. OTHER BUSINESS

138. The Chairman said that, as had been agreed when the Agenda was adopted, he would take up the issue of updating the Committee's Annual Report to the General Council under "Other Business". Members would recall that the General Council, at its meeting on 10 February 2003, had addressed the issue of the preparation of the annual report that the General Council was to submit to the Cancún Ministerial Conference. It had been then agreed that the General Council would submit to the Ministerial Conference a brief update to its annual report for 2002 which would describe developments since December 2002. He clarified that that only referred to the routine annual reports of a factual nature that all WTO bodies were required to make under existing procedures, and not any specific reports that Ministers at the Doha Ministerial Conference had requested be submitted to them. The intention was that the Ministerial Conference would have before it, as the annual report of the General Council, a compilation of the 2002 Annual Reports of all the WTO bodies, together with updated reports concerning developments in 2003. He therefore suggested that the Committee ask the Secretariat to update the CTD's Annual Report for 2002, so that it covered the work of the Committee since the 2002 report. He further suggested that the Committee adopt that report on a non-objection basis, namely that Members would have five days to comment on the draft report once the Secretariat had made it available to them, and that, if there were no major substantive comments, it be forwarded to the General Council.

139. It was so agreed.⁶

140. The Chairman informed Members that the next meeting of the CTD was tentatively scheduled for 17 October 2003. He said that, at the meeting on 22 May 2003, Members had agreed to undertake consultations on the "declining terms of trade for primary commodities, and its implication to trade and development of primary commodity exporting countries" and on the issue of small economies. Those consultations would be held during the first week of July 2003.

⁵ The agreed report was subsequently issued as document WT/COMTD/47.

⁶ The agreed report was subsequently issued as document WT/COMTD/46.