



United Nations

**AID FOR TRADE: PERSPECTIVES OF REGIONAL
COMMISSIONS**

**REPORT OF THE SIDE EVENT OF UN REGIONAL COMMISSIONS AT
UNCTAD XII, ACCRA, GHANA**

23 April 2008

Introduction

The Aid for Trade side-event during UNCTAD XII Conference was organized by the Regional Commissions of the United Nations. The objective of the side-event was to provide countries, sub-regional organizations, donor countries, civil society and multilateral agencies attending the Conference with perspectives from the different regions, especially how the Regional Commissions see the implementation of the AFT. The sessions at the side event were chaired by H.E. Mr. Daniel Neo Moroka, the Minister for Trade and Industry of the Republic of Ghana. The event was opened by the Executive Secretary of the Economic Commission for Africa (ECA); Mr. Abdoulie Janneh, who is the current coordinator of the UN Regional Commissions. In his opening remarks, he focused on the questions that need urgent answers at both the national and regional level, for the implementation of Aid for Trade to become a reality. He raised several questions to set the stage for discussions emphasizing the need for countries to move to the implementation phase by identifying clear bankable projects that meet the Aid for Trade priorities. The Deputy Director General of WTO, Ms. Valentine Rugwabiza appraised the delegates of the special nature of the AFT initiative given that the WTO is not a development institution. She recalled the rationale of the AFT and noted the convergence in the priorities identified from the different regional reviews carried out in 2007. She also informed the delegates of the upcoming activities and initiatives as part of the implementation of the Roadmap for 2008.

Mr. Supachai Panitchpakdi in his remarks urged the delegates representing member states and the international community to recognize that there is no much time and while the Aid for Trade became part of the Doha Round, it is not part of the single undertaking and as such a sense of urgency should be felt by all. He underscored the strong role that the UN, especially through the CEB Cluster on Trade and Productive Capacity could play in fast-tracking the implementation of the AFT. In particular, the comparative advantage of the UN Regional Commissions must be leveraged for the AFT implementation to be successful. The President of the UNCTAD XII Conference, who is also the Minister of Trade for the Republic of Ghana, noted that the Aid for Trade could be facing implementation challenges and as a result, emphasized the crucial role of the UN. He called for a wider UN effort in implementing AFT, as this would give it the multilateral focus.

Summary of Regional Perspectives

The Executive Secretary of the ECA made a presentation focused on moving the agenda of the AFT initiative forward for the benefit of African countries. The presentation focused on why the AFT implementation has to be immediate and concrete. The fact that the African countries development could be limited if trade is not fully exploited is an important reason why countries should move fast to prepare bankable projects for financing under the AFT. The matching of AFT objectives to the trade challenges in Africa make the initiative an indispensable catalyst for integration of Africa in the global economy. The presentation also noted the principles that would assure success of AFT in Africa, including political leadership, regional approaches and ownership. The strategy of the ECA for ensuring that African

countries benefit from the AFT was expounded upon, especially the role of the African Trade Policy Centre (APTC), which will avail support to regional economic communities in the preparation of AFT, plans and alignment of national and sub-regional AFT plans. The presentation concluded by clear recommendation on how AFT could be made real and tangible in Africa.

The Executive Secretary of ESCWA focused on how to promote AFT in the ESCWA region. The presentation highlighted first the special feature of the West Asia region, which is both a recipient and donor of ODA. This notwithstanding, the region could still benefit from the AFT support in terms of addressing supply-side capacities and market access challenges. The presentation also made strong mention of what national governments need to do for AFT initiative to be successful, including developing trade strategies and committing to mainstream them, and investing resources in identifying priority areas. Several pre-requisites were also presented which would make AFT a successful global initiative, including inclusiveness and being demand driven. The presentation concluded by highlighting what ESCWA can do and highlighted the overall strategy of the Commission, particularly the mainstreaming of AFT in its programmes.

The Executive Secretary of Eastern and Central Europe (ECE) discussed through his presentation how opportunities for development could be created through AFT. The prevalence of poverty in some of the ECE countries provide a strong reason why AFT could benefit this region, and given the transition nature of some of the economies, the AFT would be indispensable. The AFT can help create new opportunities for the poor in the region. There was a particular emphasis in the presentation of the trade facilitation challenges, with geographic and economic distances leading to prohibitive costs for exporters. The presentation also highlight some of the priorities of UNECE, which are within the scope of the AFT, including facilitating trade flows, developing standards, transport policies and infrastructure. The presentation concluded by highlighting the next steps which a matrix for existing needs analysis to identify gaps, and subsequently inform discussion at policy level. The next steps also include supporting a coalition of the UN and regional organizations plus country groupings in order to advance the implementation of the AFT.

The Director of Trade and Investment Division of UNESCAP focused his presentation on the important role of the UN in implementing the AFT at the different levels: multilateral, bilateral and national to complement the WTO's contribution to the process. The emphasis was on the coordination that the UN brings on-board. There do already exist mechanisms within the UN such as the UN Executive Committee on Economic and Social Affairs Working Group on Trade and the Trade and Productive Capacity Cluster of the Chief Executives Board of the UN, and the "One UN" country programmes. After presenting the central role that the UN could play in the implementation of the AFT, including the existence of mechanisms that the UN could use to execute this role, a summary of conclusions and recommendations agreed upon by UN agencies working on trade issues was given. An important recommendation that

needs reiterating is the recognition of South-South Aid for Trade as an important complement of the North-South AFT.

The Regional Commissions perspectives were concluded by a presentation by Director of International Trade and Integration Division of ECLAC. Like the perspective from the UNECA, the thrust of this presentation was that trade liberalization is not enough. Evidence shows that in spite of significant trade liberalisation in the Latin America and Caribbean economies, they remain less trade-oriented than other countries. Market opening is not sufficient. Nor is market access the problem. Yet, exports remain concentrated with limited diversification a kin to the situation in Africa. An explicit strategy of competitiveness becomes therefore imperative, and this is within the realm of AFT implementation. This means having AFT Action Plans that mesh seamlessly with competitiveness strategies. The role of regional integration, as the regional approach principle expounded in the African perspective is crucial to success of the AFT implementation. The presentation concluded by highlighting the areas of focus of ECLAC on Aid for Trade and the crucial role it could play given its deep knowledge of the region.

Summary of important points from the interactive discussions

The Regional Commissions perspectives were then followed by an interactive discussion with delegates. Several important issues were raised or emphasized. Firstly, the responsibility of countries describing their priorities was highlighted. There was consensus that the international community cannot be able to help countries unless they clearly map out their priorities. In addition, given that the private sector is the one that trades, it must be involved in this prioritization. Secondly, the urgency of countries coming up with specific AFT bankable projects was reiterated. These projects should be the priorities from the competitiveness strategies that further received endorsement from the discussion. Thirdly, the AFT should not be seen as an additional burden to the public service (which is weak in most developing countries). Rather, by mainstreaming the AFT in their strategies would remove this view of it being an additional burden, given many other initiatives that the public service have to deal with. Fourthly, there was agreement that things are already happening on the ground, but for AFT to be meaningful and to be felt, there is need to do more and better. This should be the philosophy of the AFT. The scaling up of what is already being done to improve trade and productive capacities. Finally, AFT implementation is an urgent issue. The current food crises threatening the globe, including setting off unrest underscores why immediate and effective operationalisation of the AFT has to be realized. Only when its implementation is seen and felt across the board will the hopelessness setting in due to rising food prices be stemmed.