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THE MID-TERM REVIEW OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST-DEVELOPED COUNTRIES FOR THE DECADE 2001-2010

Report by the Director-General of the World Trade Organization (WTO)

EXECUTIVE SUMMARY

The Programme of Action (POA), adopted at the Third United Nations Conference on Least-Developed Countries (LDC-III) held in Brussels in May 2001, provides a global framework for a strong partnership to accelerate sustained economic growth and development in LDCs, and to integrate them into the global economy. LDCs, 32 of which are WTO Members and a further ten in the process of acceding to the WTO, have an important stake in the work of the organization. In launching the latest round of the multilateral trade negotiations, the "Doha Development Agenda" (DDA) in Qatar in November 2001, WTO Ministers embraced the objectives of the POA and expressed their determination to build effectively upon them. The trade-related elements of the POA are an integral part of the WTO Work Programme for LDCs, the dedicated platform to address issues and concerns of interest to the LDCs by WTO Members.

I am pleased to report that considerable progress has been made since 2001, by the WTO Membership and the Secretariat, to advance the interests of LDCs in the multilateral trading system. While the specifics of such progress are detailed in the subsequent sections of this report, let me highlight the main achievements to date.

First, the DDA negotiations have placed special emphasis on taking into account the interests and concerns of LDCs. While various issues of interest to them are being addressed in different areas of the negotiations, the largest gains that Doha can potentially deliver are in market access, whether for industrial or agricultural products, or for trade in services. In this regard, I welcome the agreement reached at the Ministerial Conference held in Hong Kong in December 2005, to provide duty-free and quota-free market access for LDC exports, along with four other LDC-specific decisions. Duty-free and quota-free market access has been a shared objective of the international community under the Millennium Development Goals. The Hong Kong decision therefore represents a historic moment in which the WTO membership has responded to one of the key demands of LDCs.

Second, the Cotton Initiative, launched by four African LDCs dependent on cotton exports, was a test on whether the multilateral trading system, under the auspices of the WTO, was capable of delivering on its development dimension, as demanded by the POA. Recognising the vital importance of the cotton sector to many LDCs, the WTO membership came up with solutions to address their concerns, on both their trade and development aspects. On the former, by agreeing to pursue the trade-related aspects "ambitiously, expeditiously and specifically" within the agriculture negotiations. In Hong Kong, developed-country Members agreed to the elimination of all forms of export subsidies in the cotton sector by 2006 (instead of 2013 for the rest of the agriculture sector) and to the faster and deeper reduction of trade-distorting domestic support than for other agricultural products. Further, I have been working closely with the development community which has been forthcoming on scaling up development assistance for cotton dependant LDCs.

Third, LDCs as a Group have been granted a high degree of flexibility which takes account of their level of economic development. For instance, in the DDA negotiations, LDCs are exempted from making reduction commitments in the goods negotiations or undertaking new commitments in services. These exemptions allow them to concentrate on pursuing their offensive interests, rather than safeguarding their defensive interests in the negotiations. In the rule-making areas, LDCs are generally expected to undertake commitments only to the extent consistent with their development needs. The implementation of new rules will be supported by the provision of technical assistance

and capacity building. It should also be noted that WTO Members have granted LDCs extensions of the transition periods to implement their existing obligations from the previous round of negotiations, such as in the area of intellectually property rights.

Fourth, the accession of LDCs into the WTO has long been a priority for the Membership. I am happy to report that efforts to facilitate the accession process of LDCs have resulted in the adoption of the Guidelines on LDCs' Accession, which in 2003, facilitated the accession of Cambodia and Nepal, the first two LDCs to join the WTO since its establishment in 1995. Moreover, good progress has also been achieved in other LDC accessions and I remain fully committed to continue providing my good offices and personal support towards the timely conclusion of their accession processes.

Fifth, on the part of the Secretariat, we have increased our support to the active participation of LDCs in the work of the organization through the establishment of a dedicated unit dealing with LDC issues in early 2003 and the increased provision of trade-related technical assistance and capacity building on a priority basis. WTO's technical assistance activities not only help LDCs to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership, but, importantly, also enhance their institutional capacities to benefit from the multilateral trading system. Since 2001, LDCs have been associated with 40 to 45 per cent of some 450 to 500 technical assistance activities per year organised by the Secretariat. Furthermore, when and where the WTO alone is not fully equipped to address the complexity of LDCs' trade and development challenges, we have increased our co-operation and coordination with other partner institutions, including bilateral, regional and multilateral, that are better equipped in terms of expertise and resources to meet the needs of the LDCs.

Finally, the POA recognizes the importance of mainstreaming trade into national development plans and poverty reduction strategies of LDCs. The WTO has been an active advocate of mainstreaming trade into national development strategies, particularly through the Integrated Framework for LDCs (IF) and the Aid for Trade initiative. I am pleased to note the tangible progress made to date in the implementation of the IF as well as the recent agreement on the recommendations to enhance the IF. The recommendations include, among other things, a significant scaling up of resources from the current US\$35 million to a funding target of US\$400 million over a five-year period; supporting in-country capacity for implementation; and, enhancing governance. Similarly, the recently concluded work of the Task Force on Aid for Trade contains a number of ideas on how to build the supply-side capacity and trade-related infrastructure for developing and least-developed countries to benefit from WTO Agreements and more broadly to expand their trade. The next few months will be critical in translating these ideas into practical aspects in the delivery of trade and development promises. On my part, I will ensure, in consultations with development partners, that appropriate mechanisms be developed to secure additional financial resources for Aid for Trade.

In conclusion, I believe that the work in the WTO since 2001 has contributed significantly to achieving the goals of the POA. We have witnessed that LDCs themselves, being active participants in the DDA negotiations, have been advocating that their greater integration into the multilateral trading system is a pre-requisite for realising their growth potential and poverty alleviation. In this regard, I cannot overemphasize the potential development dividends that a successful outcome of the DDA can deliver to further advance the objectives of Brussels. In this respect, I believe that the rapid resumption of the DDA negotiations which were suspended last July, is of crucial importance for LDCs. But we also know that whichever the progress can be made in advancing the interests of LDCs in the multilateral trading system, their trade and development challenges remain and would require further efforts from LDCs themselves as well as from their partners. On the part of the WTO Secretariat, I am mindful of their special challenges and I will continue to work to help LDCs advance their interests in the WTO.

I. INTRODUCTION: THE DOHA DEVELOPMENT AGENDA AND LEAST-DEVELOPED COUNTRIES

1. This report is prepared by the Director-General of the WTO under his own responsibility as an input into the mid-term comprehensive global review of the implementation of the Programme of Action (POA) for the Least-developed Countries (LDCs) for the Decade 2001-2010. It reviews the state of implementation by the WTO of the commitments made in the POA by the international community, in particular, those included in Commitment Five "Enhancing the Role of Trade in Development", in so far as they fall within the competence of the WTO. It should also be noted that this report builds on the information on the implementation of the POA, provided by the WTO on an annual basis to the Office of the UN High Representative on the LDCs, Landlocked Developing Countries and Small Island Developing States.

2. The timespan 2001-2006 under the mid-term review coincides with a period in which for the first time in the history of the multilateral trading system, the WTO membership has collectively put development at the centre of a round of trade negotiations. The Doha Development Agenda (DDA) was launched in November 2001 with a vision to place the concerns and interests of developing countries, especially those of LDCs, at the heart of the new round of comprehensive trade negotiations. Emphasis on the development dimension illustrates a recognition that trade can play a major role in the promotion of economic development and in the alleviation of poverty, echoing the LDC Ministers in Brussels six months earlier at LDC-III. As one of the important objectives of the DDA negotiations, WTO Members committed themselves to "addressing the marginalisation of LDCs in international trade" and to "improving their effective participation in the multilateral trading system," effectively building on the spirit and commitments of Brussels.¹

3. Shortly after Doha, the WTO adopted its Work Programme for LDCs in February 2002, signalling an important step in responding to the LDC specific issues and concerns.² The trade-related elements of the POA form an integral part of this Work Programme for LDCs, the first of its kind in the WTO. Other issues included in the Work Programme are: market access; trade-related technical assistance and capacity building; diversification of production and export base; participation in the multilateral trading system and accession. The implementation of the Work Programme has been a priority for the Sub-Committee on LDCs, the dedicated body for LDC issues in the WTO, as well as for the Director-General.³ Since Doha, the Director General has reported on several occasions to the membership on progress made in the implementation of both the Work Programme and the Integrated Framework for LDCs (IF).⁴

4. The Framework Decision reached at the General Council meeting in August 2004 and the Sixth Ministerial Conference in Hong Kong, China in December 2005, marked progress in the DDA negotiations in advancing the interests of the LDCs. First, recognizing that enhanced market access plays a key role in creating economic opportunities for LDCs, an agreement was reached at the Hong Kong Ministerial Conference to grant duty-free and quota-free (DFQF) market access to products originating from the LDCs (see Section II). Second, while advancing LDCs' offensive interests in different areas, the negotiations also take account of the flexibility that LDCs would require in undertaking commitments and adopting rules and disciplines (see Section III). Third, the DDA has attached great importance to the institutional integration of LDCs into the WTO through streamlining the lengthy and complex process of accession, as well as the enhanced provision of technical assistance and capacity building (see Sections IV and V). Moreover, in areas where the WTO is not appropriately equipped, such as addressing supply-side issues, partnership arrangements with other institutions have been fostered and strengthened (see Section V). The most notable effort in this regard is the enhancement of the IF, which both the POA and the WTO Ministerial Declarations endorsed as a viable model for LDCs' trade development (Section VI).

5. Since 2001, the WTO has contributed to the attainment of the objectives set out in the POA. This has been made possible, first and foremost, by the LDCs themselves who have vigorously and pragmatically promoted their interests in the multilateral trading system. Despite their human and capacity constraints, today the LDC Group with 32 Members and 10 Observers is considered as one of the most active participants in the WTO. At the same time, any achievement by the LDCs could not have been possible without the support and understanding of other Members. As the trade negotiations enter the final phase, it is hoped that WTO Members would consolidate the development dividends of the DDA, thereby further contributing to the promises of the POA.

II. MARKET ACCESS FOR LDCS

6. Commitment Five of the POA calls on development partners to improve market access for LDCs by working towards the objective of DFQF market access for all LDCs' exports. This call was reiterated by WTO Ministers in Doha, who at the same time committed themselves to consider "additional measures for progressive improvements in market access for LDCs."⁵ The goal of DFQF market access goes beyond the agenda of the WTO and is the shared objective of the international community as expressed in the Millennium Development Goals in addressing the special needs of LDCs.⁶

7. Since 2001, the international community has made progress on improving market access for products originating from LDCs. First, the LDC-III had generated the momentum for enhancing market access for LDCs, with a number of developed countries announcing improvements in their preferential market access schemes prior to or at the time of the Brussels Conference. These included the DFQF initiatives for all products from all LDCs by the European Communities under "Everything but Arms", as well as by New Zealand and Norway.⁷ The United States, through the African Growth and Opportunity Act (AGOA), improved market access for Sub-Saharan African countries, many of which are LDCs.⁸ Since Doha, Australia, Canada, Iceland, Japan and Switzerland also announced additional improvements in market access on an autonomous basis.⁹ The Sub-Committee on LDCs, through the Work Programme for LDCs, has monitored these improvements, based on the notifications and annual reports prepared by the Secretariat.¹⁰ LDCs, on their part, have actively pursued the objective of DFQF in different negotiating groups. Both in the Agriculture and Non-Agricultural Market Access (NAMA) negotiations, their demand for DFQF was reflected in the Framework Decision of August 2004.¹¹ In the negotiations on special and differential treatment (S&D), the proposal on DFQF was among 25 proposals submitted by the LDCs with a view to making the existing S&D provisions "more precise, effective and operational".¹² In the lead-up to the Hong Kong Ministerial Conference, the LDCs' proposal on DFQF, together with four other proposals, had been accorded priority attention in the S&D negotiations.¹³

8. In the Hong Kong Ministerial Conference, Ministers agreed that developed countries, and developing countries declaring themselves in a position to do so, should provide DFQF market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period of the outcome of the DDA, in a manner that ensures stability, security and predictability. It was also agreed that those countries facing difficulties in doing so, should provide DFQF market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, with a view to progressively achieving the 100 per cent product coverage.¹⁴

9. Since Hong Kong, efforts have been made to operationalize the decision on DFQF market access for LDCs.¹⁵ Japan and the United States have notified the domestic processes for implementing the decision.¹⁶ Several developing countries have also indicated their intention to improve market access for LDCs. Given the growing importance of developing country markets, which absorbed as much as 38 per cent of the LDC exports in 2004, these are significant developments, responding to the calls made in Brussels.¹⁷ LDCs on their part have submitted a proposal calling on Members to implement the decision on DFQF market access in a way which is commercially meaningful, and which contributes to the expansion of LDC exports.¹⁸ At the same

time, parallel efforts have been made to ensure that the decision is duly reflected in the modalities of the Agriculture and NAMA negotiations.¹⁹

10. While the international community has made progress in according lower tariff treatment for the exports originating from LDCs since the Brussels and Doha Conferences, non-tariff barriers (NTBs) have become more prominent market access obstacles. A study by the Secretariat illustrates the magnitude and complexity of the NTBs that LDCs face in export markets.²⁰ Rules of origin, associated with preferential market access schemes, are frequently cited as one of the most prevalent NTBs hindering LDC exports. The POA called for the simplification of rules of origin by developed countries in granting improved market access for LDCs, so as to ensure transparency and predictability. This call was reiterated by WTO Ministers when agreeing to the DFQF decision in Hong Kong, stipulating the need to ensure that "preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access". Pursuant to this call, the LDC Group has submitted a proposal that points to the need for the DFQF decision to be accompanied by a single set of rules of origin.²¹

III. ADDRESSING LDC INTERESTS AND CONCERNS IN THE DDA NEGOTIATIONS

11. LDC Ministers in Brussels declared that a transparent, non-discriminatory and rules-based multilateral trading system was essential for LDCs to reap the potential benefits of globalization. In advancing the development dimension of trade, they also stressed the importance of implementing both existing and new S&D provisions in favour of LDCs as part of multilateral trade negotiations. This section will review progress made in LDCs' other offensive, as well as defensive interests in the DDA negotiations.

Advancing LDCs' offensive interests

12. In addition to the DFQF objective, the POA calls for action in the areas of commodities, services and trade facilitation which can make a significant contribution to the economic development in LDCs. All three areas are included in the DDA. With regard to those developing and least developed countries dependent on the export of commodities, WTO Ministers recognized the challenges they face, caused by the adverse impact of the long-term decline and sharp fluctuation in the prices of these commodities.²² It was agreed in Hong Kong that their particular trade-related concerns be addressed in the course of the Agriculture and NAMA negotiations.²³ A prominent example is the Cotton Initiative, which is being vigorously pursued by four West and Central African LDCs, namely, Benin, Burkina Faso, Chad and Mali.²⁴ In August 2004, recognizing the vital importance of cotton for developing countries, especially the LDCs, WTO Members accorded special priority to addressing their concerns "ambitiously, expeditiously and specifically" in the Agriculture negotiations. In this context, Members in their Framework Decision established the Sub-Committee on Cotton, a dedicated body to work on all trade-distorting policies affecting the sector in all three pillars of market access, domestic export and export competition.²⁵ At the Hong Kong Ministerial Conference, this call was translated into an agreement to eliminate all forms of export subsidies by developed countries in the cotton sector in 2006; and the provision of DFQF market access by developed countries for cotton exports from LDCs from the commencement of the implementation period.²⁶ Since then, the four cotton proponents have submitted two further proposals on the reduction of trade-distorting domestic support in the cotton sector.²⁷

13. Another significant aspect of the Cotton Initiative is its emphasis on the complementarity between the trade and development assistance aspects. Pursuant to the Framework Decision, WTO Members, *inter alia*, mandated the Director-General to consult with bilateral donors and multilateral institutions with a view to mobilizing and scaling up resources towards development of the economies where cotton has vital importance. Since then, seven rounds of consultations have been convened on the development assistance aspects. The Director-General has periodically reported on his consultations to the membership.²⁸ His reports indicate the tangible progress that has been made in terms of commitments, on the part of the development community, and domestic cotton sector

reforms on the part of the cotton proponents for the more efficient use of assistance provided. The donor/proponent partnership, within the Consultative Framework process established by the Director-General to deliver on the mandate for cotton development assistance, is addressing the challenges related to operational implementation of the projects and activities.

14. Ministers in Brussels and Doha have recognized the key roles that trade in services can play in promoting not only economic growth but also social and development objectives, such as addressing poverty and improving universal access to basic services. The DDA has stressed the importance of increased participation of developing countries, especially of the LDCs, in the services trade. In September 2003, WTO Members adopted the modalities for the special treatment for LDC Members in the negotiations on Trade in Services.²⁹ At the Hong Kong Ministerial Conference, WTO Members further agreed to developing methods for the full and effective implementation of the modalities, including appropriate mechanisms for according special priority to sectors and modes of supply of export interest to LDCs. Subsequently, the LDC Group has submitted a proposal in this regard.³⁰ Furthermore, given their special export interest in the movement of natural persons as defined in mode 4 of the GATS, LDCs have identified four categories of service suppliers and made a collective request to the WTO membership, asking their trading partners to make commitments in these sectors.³¹

15. Added to the DDA negotiations under the Framework Decision of August 2004, the trade facilitation negotiations is another area where offensive interests have been expressed by LDCs. For those countries, procedural and institutional obstacles to cross-border trade can inhibit the benefits accruing from market opening and seriously impede their ability to compete effectively in the global economy. This is especially true for landlocked countries, including for 16 out of the 50 LDCs, as facilitating transit arrangements is of vital importance in determining their export competitiveness that is often hindered by high cost of transport.³² Several LDCs have co-sponsored propositions teaming up with developing, and sometimes developed countries. Concrete measures were especially proposed for the transit area, as well as with respect to enquiry points and the prohibition of a consular transaction requirement.³³

Safeguarding LDCs' defensive interests

16. The DDA is mindful of the flexibility and support that LDCs require in implementing rules and disciplines resulting from the previous negotiations and adopting any new commitments that will arise from the current trade negotiations. These are laid down in S&D provisions. One key element of such S&D provisions is the need for technical assistance and capacity building, which is elaborated in Section V. Another element is additional flexibility that has been granted to LDCs in comparison to other developing countries. An example of this additional flexibility includes the exemption of LDCs from making any reduction commitments in the market access negotiations in Agriculture and NAMA or undertaking new commitments in services.³⁴ These exemptions have allowed LDCs to concentrate on advancing offensive interests, rather than on safeguarding defensive interests in the DDA negotiations.³⁵ Furthermore, LDCs have insisted on their full access to other S&D provisions accorded to developing countries, including the possibility of using the Special Safeguard Mechanism that is being established in the Agriculture negotiations.

17. In the areas of WTO rules, LDCs have been active in ensuring that multilateral trade rules and disciplines reflect their concerns and development needs. For instance, the LDC Group, together with the WTO African Group, has put forward a proposal on food aid that would take into account their interests as food aid recipient countries and to ensure that the disciplines being developed in the Agriculture negotiations do not unintentionally impede the delivery of food aid provided to deal with emergency situations.³⁶ In the Trade Facilitation negotiations, LDCs have secured that they would "only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities."³⁷ It is further assured that "the extent and the timing of entering into commitments shall be related to the implementation capacities of ... LDCs", and that "those Members would not be obliged to undertake

investments in infrastructure projects beyond their means."³⁸ A similar understanding has been reaffirmed in the S&D negotiations, which at the same time stresses the importance of providing technical and financial support, including through WTO's coordination with other development partners.³⁹

18. Longer implementation periods are another S&D instrument to accord flexibility to the LDCs to comply with rules, often together with the provision of technical assistance and capacity building. For instance, in the Trade Facilitation negotiations, longer implementation periods have been proposed as one of the measures to help LDCs comply with any new commitments resulting from the negotiations. Moreover, decisions have been made to extend transition periods for LDCs to implement existing WTO agreements resulting from the previous negotiations. For instance, as part of the S&D negotiations, Ministers in Hong Kong agreed to grant LDCs with an additional seven years to maintain existing measures that deviate from their obligations under the Agreement on Trade-Related Investment Measures (TRIMS).⁴⁰ Under this decision, LDCs are also allowed to introduce new measures that deviate from their obligations under the Agreement for a duration of five years.

19. While not part of the DDA negotiations, in December 2005, WTO Members agreed to extend the transition period given to LDCs for the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) until 1 July 2013, which was due to expire on 1 January 2006.⁴¹ This Decision came in addition to the earlier Decision taken in June 2002, pursuant to the Doha Declaration, to extend the transition period for LDCs until 1 January 2016 for certain obligations with respect to pharmaceutical products.⁴² Furthermore, in August 2003, the General Council adopted a decision which grants waivers from the obligations set out in the TRIPS Agreement, making it easier for those countries to obtain cheaper generic versions of patented medicine.⁴³ This was done pursuant to the Doha Declaration on the TRIPS Agreement and Public Health, which recognized the difficulties faced by WTO Members with insufficient or no manufacturing capacities in the pharmaceutical industry in effectively using compulsory licensing under the Agreement.

IV. LDCS' ACCESSION TO THE WTO

20. Commitment Five of the POA calls for the streamlining of WTO accession requirements to ensure that the accession process is more effective and less onerous and tailored to the LDCs' specific economic conditions. It further calls on WTO Members to exercise restraint in seeking concessions from acceding LDCs in the accession negotiations. At the Doha Ministerial Conference in 2001, WTO Ministers stressed the importance they attached to concluding accession negotiations, in particular those of LDCs, "as quickly as possible" and agreed to work to "facilitate and accelerate accession negotiations with acceding LDCs". Ministers at the Hong Kong Conference reiterated the importance of facilitating and accelerating the accession negotiations of LDCs.

21. Since 2001, good progress has been made to facilitate and accelerate the accession of LDCs. Pursuant to the calls made in Doha, in December 2002, WTO Members adopted the Guidelines on LDC Accessions, which are aimed at accelerating and facilitating the accession of LDCs to the Organization.⁴⁴ The Guidelines have provided new impetus to LDC accessions, including the adoption of the accession packages for Cambodia and Nepal by WTO Members at the Fifth Ministerial Conference held in Cancún, Mexico in September 2003.⁴⁵ They became the first two LDCs to complete their accession under Article XII of the WTO Agreement since its establishment in 1995.⁴⁶ The Guidelines have also activated LDC accessions at various stages. A number of acceding LDCs that were at the initial stages – Bhutan, Cape Verde, Lao PDR, Samoa, Sudan and Yemen, have advanced their accession negotiations since the adoption of the Guidelines. These countries, together with Afghanistan, Ethiopia, Sao Tomé and Príncipe and Vanuatu, are the ten LDCs in accession, which represent one-third of the total number of acceding governments to the WTO.⁴⁷

22. The Sub-Committee on LDCs played an instrumental role in developing the Guidelines on LDC Accessions, which were adopted by the General Council in December 2002. Echoing the POA, the Guidelines: (i) urge Members to exercise restraint in seeking concessions and commitments from acceding LDCs; (ii) make the S&D provisions, as set out in the WTO legal instruments, applicable to all acceding LDCs; (iii) streamline the accession process; and (iv) mandate the provision of targeted and coordinated technical assistance on a priority basis. The Sub-Committee on LDCs, through the Work Programme for LDCs, regularly monitors the accession of LDCs and the implementation of the Guidelines, as well as serves as a forum where acceding LDCs and Members exchange views and share experiences.

23. Since the adoption of the Guidelines, LDCs seem to have benefited from an increased level of flexibility in their accession negotiations, as evidenced by the accession processes of Cambodia and Nepal. In the area of market access, acceding LDCs have generally made fewer concessions and commitments than other acceding governments. For instance, with regard to the level of bindings, Cambodia bound its tariffs at average rates of 28.1 per cent and 17.7 per cent for agricultural and non-agricultural products, respectively. In the case of Nepal, those average rates are 41.4 per cent and 23.7 per cent. These final bound rates are higher than other recently acceded Members.⁴⁸ In the area of services, Cambodia and Nepal undertook commitments in fewer services sub-sectors than other recently acceded governments.⁴⁹

24. In the area of WTO rules, WTO Members have shown greater flexibility in approaching accession negotiations with LDCs. For instance, in the areas of customs valuation, technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures and TRIPS, Cambodia and Nepal were granted transition periods of up to five years. The flexibility shown by Members is being matched by efforts on the side of the acceding LDCs through the submission of detailed action plans to put in place WTO-consistent legislation and enforcement mechanisms. Members have also agreed not to make LDCs' accession contingent on participation in sectoral market access initiatives. Commitments to accede to Plurilateral Trade Agreements, i.e. the Agreement on Government Procurement and the Agreement on Trade in Civil Aircraft, have not been taken as a precondition for WTO accession. By contrast, the majority of other recently acceded governments have agreed as part of their accession package to participate in such sectoral initiatives and Plurilateral Agreements.

25. Efforts have been made to facilitate and streamline the accession process for LDCs. For example, the number of formal Working Party meetings - the forum where the accession negotiations are conducted - has been reduced as much as possible for acceding LDCs, compared to other accessions. For non-resident delegations, formal or informal Working Party meetings are often scheduled on the margins of Geneva Week, a biannual event organized by the WTO Secretariat which brings all non-resident delegations to Geneva (see Section V).⁵⁰ This pragmatic approach is aimed at placing greater emphasis on focused informal consultations between interested Members and the acceding LDC with the possibility of the Secretariat acting as a proxy in the negotiations. This has been done with a view to accelerating the accession process and lessening the financial and human resource burdens on the acceding LDCs.

26. The Guidelines on LDCs' Accession emphasize the importance of technical assistance and capacity building in all aspects of the accession process. The complex nature of rights and obligations in the WTO, particularly in the area of legislation and enforcement, as well as the need to create capacity in acceding LDCs to meet the requirements of accession, remain the main challenges for acceding LDCs. Ministers in Doha instructed the Secretariat to reflect the priority of LDCs' accession in the delivery of technical assistance by the WTO, as set out in the WTO Annual Technical Assistance Plans.⁵¹ Moreover, bilateral donors have been particularly supportive in their assistance to LDCs at all stages of the accession process. Furthermore, a number of acceding LDCs are beneficiaries of the IF (e.g. Ethiopia, Lao PDR, Sao Tomé and Príncipe, Yemen, as well as Cambodia and Nepal which acceded earlier). The synergies between the accession process and the IF have been stressed, encouraging the acceding LDCs to use the IF to seek assistance for their accession to the WTO. Finally, the Director-General has accorded his personal attention to the issue of the accession

of LDCs. He continues to offer his good offices to assist acceding LDCs through regular consultations with LDC representatives in Geneva and in capitals as well as through a close monitoring of developments in the Accession Working Parties.

V. INTEGRATION OF LDCS INTO THE MULTILATERAL TRADING SYSTEM

27. Commitment Five of the POA calls for actions to assist LDCs in developing human and institutional capacities for effective negotiations and informed participation in the multilateral trading system in order that LDCs reap maximum benefits from it. At the Doha Conference, WTO Ministers recognized the particular vulnerability of the LDCs and reiterated their commitment to address their marginalization in international trade and improve LDCs effective participation in the multilateral trading system. More recently, Ministers at the Hong Kong Ministerial Conference reaffirmed their commitment to effectively and meaningfully integrate LDCs into the multilateral trading system.

28. The WTO Secretariat, under the guidance of the Director-General, has accorded special attention to the needs and concerns of LDCs' participation in the multilateral trading system. This is reflected in, *inter alia*, (i) day-to-day support provided to the LDCs' Consultative Group; (ii) priority accorded in the delivery of WTO technical assistance and training; and (iii) the partnership arrangements with other institutions to meet supply-side challenges of LDCs.⁵² The WTO LDCs' Consultative Group was set up in January 2001 by LDC Members and Observers with the aim to ensure their participation in the rules-based multilateral trading system on the basis of their own priorities. While it is an informal group, it provides a platform in which LDC delegations meet regularly, share information, brainstorm, articulate their positions and as necessary, act together to pursue their common interests, by pulling together their often limited resources.⁵³ Today, the Group has become the key base for LDCs' participation in the DDA negotiations, advancing proposals in different areas (see Section III). The WTO Secretariat supports the active engagement of LDCs in the negotiations through the provision of day-to-day logistical support to the Group.⁵⁴

WTO trade-related technical assistance and capacity building

29. LDCs are accorded priority in the delivery of WTO training and technical assistance, aimed at "adjusting to WTO rules and disciplines, implementing obligations and exercising the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system". Not only is this confirmed by the numbers, i.e. the frequency with which LDCs have been associated with trade-related technical assistance (TRTA) activities as set out in the WTO Annual Technical Assistance and Training Plans, but this is also done through the design of specific products of WTO's assistance.⁵⁵ In delivering national TRTA activities, the Secretariat has allocated three activities to each LDC per year, compared to two for other developing countries. These national activities are in addition to the regional activities where LDCs are also invited to attend. Between 2001 and 2005, the number of TRTA delivered by the WTO Secretariat has reached 450 to 500 activities per year. On average, LDCs were associated with 40 to 45 per cent of those activities. Furthermore, whenever possible, priority is also given to LDCs for Geneva-based training courses and for specialized training on a particular subject matter.⁵⁶

30. Assistance designed to address LDCs' specific needs and concerns in the WTO TA delivery includes *inter alia*, "Geneva Week" for non-resident missions, the Reference Centres, trainee and internship programmes, and support provided during Trade Policy Reviews. In addition, financial support is provided to LDCs to participate in WTO Ministerial Conferences. Not all WTO Members and Observers are currently represented in Geneva, and out of the 28 non-residents, 14 are LDCs.⁵⁷ In order to ensure that non-residents are kept abreast of developments in the WTO, the Secretariat organizes "Geneva Week" twice a year. The main objectives of the Geneva Week are to brief participants on the state of play of work in the WTO and provide an opportunity for participants to be involved in the work of WTO bodies during their stay. In addition to the organization of Geneva Week, the Secretariat regularly sends briefing notes and news summaries to the non-residents. The Reference Centre programme is another way through which the Secretariat disseminates trade-related

information and documents to Members through an electronic link to the WTO. Usually located in the trade ministries and in the headquarters of regional and sub-regional organisations, there are currently 150 Reference Centres installed in 106 countries, of which 51 are located in 46 LDCs.

31. The Secretariat provides a number of trainee and internship programmes with the objective of building human capacities of developing and least-developed countries. This includes the "mission internship programme" which enables young professionals from selected developing countries including LDCs, to enhance their knowledge of the multilateral trading system, strengthen their understanding of the WTO, and support their Permanent Representations to the WTO in participating more actively in the daily activities at the WTO. From the total of 23 persons who have so far benefited from this programme since its inception in 2003, 11 come from LDCs. The WTO also funds interns to assist the rotating coordinator of regional groupings, including of the WTO LDCs' Consultative Group. Another example is the Netherlands Trainee Programme. It accommodates up to 20 trainees from LDCs each year for a period of ten months and provides them with an opportunity to directly participate in the work of the WTO in Geneva and to facilitate the implementation of Members' commitments in the WTO.

32. Trade Policy Reviews (TPRs) have increasingly performed a technical assistance function for LDC Members of the WTO. The objectives of the TPR Mechanism include: increasing the transparency and understanding of countries' trade policies and practices through regular monitoring; improving the quality of public and intergovernmental debate on the issues; and enabling a multilateral assessment of the effects of policies on the world trading system. In recognition of the TPR's role of enabling LDCs to increase their understanding of the WTO Agreements, efforts are made to complete their reviews on a priority basis.⁵⁸ The TPR Body has continued to review a steady number of least-developed Members, with 25 of the 32 LDC Members reviewed by the end of 2006.⁵⁹ The preparation of reviews of LDCs is responding more systematically to technical assistance needs. The review process for an LDC includes a seminar for its officials on the WTO, in particular on the trade policy review exercise and the role of trade in economic policy; such seminars have been held for all LDCs reviewed between 2001 and 2006. The TPR also contributes to the identification and prioritization of capacity building needs, as the Secretariat, in consultation with the LDC Member concerned, includes a section on technical assistance in the TPR report, with a view to feeding this into the planning of WTO TRTA activities, as well as the IF process.

WTO's co-operation with other partner institutions

33. The WTO is a forum for rule-making, enforcement and market opening through negotiations. Given its mandate, the WTO cannot, on its own, meet the full complexity of the trade and development challenges faced by LDCs in their integration into the multilateral trading system. One such challenge is associated with their supply-side constraints.⁶⁰ In recognition of the need for a broad based assistance that LDCs require in addressing their trade and development challenges, the WTO increased collaboration with other multilateral institutions equipped with appropriate technical expertise and financial resources. Of the WTO's partnership arrangements, the joint programmes specifically geared towards LDCs' concerns include: the Integrated Framework (see Section VI below), the Joint Integrated Technical Assistance Programme for selected African Countries (JITAP), the Standards and Trade Development Facility (STDF), and Aid for Trade.⁶¹

34. JITAP mobilizes the expertise of ITC, UNCTAD and the WTO to help African countries, many of which are LDCs, benefit from the multilateral trading system. JITAP aims at building capacity and strengthening the national knowledge base of the multilateral trading system with a view to contributing to: (i) more effective participation in the trade negotiations, implementing the WTO Agreements, and formulating related trade policies; and (ii) improved supply capacity and market knowledge of exporting enterprises, to derive benefits from business opportunities resulting from better market access. In phase I of JITAP, four of the eight beneficiaries were LDCs (Benin, Burkina Faso, Tanzania and Uganda). In Phase II, JITAP was extended to eight additional African countries, six of which are LDCs – Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia.

The WTO continues to collaborate with its partner agencies ITC and UNCTAD to ensure greater synergies between the IF and JITAP.

35. In the areas of food safety, plant and animal protection, the STDF has responded to one of the pressing concerns expressed in the POA, that is LDCs' lack of capacity in the area of standard-setting and quality control. The STDF was formally established in August 2002 as a partnership and a trust fund, following a joint communiqué issued by the Heads of FAO, OIE, World Bank, WHO and WTO at the Doha Ministerial Conference in 2001. The STDF seeks to add value to short term bilateral efforts by supporting projects addressing issues of SPS capacity building in developing countries, in particular in LDCs and other low income economies or on a regional basis, with a target of at least 40 per cent of its resources devoted to projects benefiting these countries. Since its inception, the STDF has funded nine projects and 17 grants to support the development of projects in LDCs.⁶² One important feature of the STDF is its close link with the IF, in particular its funding of a number of SPS-related needs identified in the Diagnostic Trade Integration Studies (DTIS) (see Section VI).

36. Finally, the Aid for Trade initiative is the latest addition to the development dimension of the DDA, as adopted by WTO Members at the Hong Kong Ministerial Conference in December 2005. Aid for Trade is aimed at helping developing countries, particularly LDCs, to "build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade."⁶³ WTO Members acknowledge the importance of Aid For Trade as a tool to help developing countries integrate more fully into the multilateral trading system and to provide them with increased trade opportunities as a way to enhance growth prospects and reduce poverty. Since Hong Kong, a task force had been created to provide recommendations on how to operationalize Aid for Trade. In addition, the Director-General was requested to consult with Members, as well as with the IMF, the World Bank and relevant international and regional institutions, with a view to securing additional financial resources for Aid for Trade. In July 2006, the Task Force concluded its work on the recommendations.⁶⁴ Further work is envisaged in the coming months to operationalize the recommendations.

VI. THE INTEGRATED FRAMEWORK

37. The POA calls for an effective and expeditious implementation of the IF for trade-related assistance to LDCs. In this regard, it calls on LDCs to strengthen their efforts to integrate trade into national development policies and encourages development partners to make new and additional contributions to the IF Trust Fund. At the Doha Conference in 2001, Ministers reiterated the high priority which they attach to the effective implementation of the IF and their endorsement of the IF as a viable instrument for LDCs' trade development. They highlighted the importance of contributing to reducing LDCs' supply-side constraints and recognized the urgent need to make the IF more effective and timely in addressing the trade-related development needs of LDCs. At Hong Kong, Ministers welcomed the establishment of a Task Force to draft recommendations to enhance the IF.⁶⁵

38. First established in 1997, the IF is an international partnership through which the six IF core Agencies - the IMF, the International Trade Centre, UNCTAD, UNDP, the World Bank, and the WTO - combine their efforts with those of LDCs and donors to respond to the trade and development needs of LDCs. The two objectives of the IF are to mainstream trade into LDCs' national development strategies such as Poverty Reduction Strategy Papers (PRSPs) and to assist in the coordinated delivery of trade-related assistance to LDCs.⁶⁶ An important aspect of the IF is the preparation of a DTIS which assesses the competitiveness of the country's economy and identifies impediments to effective integration into the multilateral trading system and global economy. Based on the findings of the DTIS, an Action Matrix is developed with a view to feeding trade-related priorities into their PRSPs and donors' financing fora, such as the Consultative Groups and Round Tables.

Achievements to date

39. The IF with its principles of country ownership and partnership has made an important contribution to achieving the goals of the POA. Since its inception in 1997 and restructuring in 2000, the IF has witnessed a significant increase in the number of LDCs which are currently in different stages of the IF process. Moreover, many of them have now firmly entered a crucial phase of implementation. By August 2006, 42 LDCs were at various stages of the IF process: 23 LDCs had validated their DTIS or are finalising their DTIS, another eight are preparing their DTIS, and ten are at the pre-DTIS stage.⁶⁷

40. Another notable achievement is the establishment of the IF Trust Fund in 2001, providing the IF with a stable and predictable funding basis for implementation. To date, 16 bilateral and multilateral donors have contributed to \$35.5 million, as of 31 March 2006. The funds are used for the preparations of the DTIS, supporting national implementation capacities (including the focal points), as well as funding limited priority projects identified in the DTIS.⁶⁸ Further scaling up of the Trust Fund is envisaged under the Enhanced IF, as described in the following section. Whilst the bulk of funding for assistance comes from LDCs' traditional channels through the PRSP and/or Consultative Group/Round Table process, the IF Trust Fund does, through its Window II, provide limited funding to support some activities identified in the Action Matrix.⁶⁹ As of 31 March 2006, 14 IF beneficiaries have accessed this fund, benefiting different activities.

41. Other achievements of the IF are: first, it has contributed to an increase in coordination and dialogue among government institutions in LDCs. The national steering committee, an inter-ministerial body established as part of the IF process, has played a key role in fostering trade policy dialogue as well as in coordinating different trade-related assistance programmes, such as creating synergies between the IF, JITAP and STDF. Second, in the donor community, the IF has begun to take away the disconnect between the trade and development communities, including in the field where the IF facilitator has played an important role in coordinating donors' efforts on their trade-related activities. Finally, the IF has helped to raise the trade profile in the LDCs and the donor community as well as in the IF Agencies, contributing to an increased recognition of the role of trade in poverty reduction. Each DTIS contains an analysis on trade and poverty, which has helped to make the case for the need for more emphasis on growth sectors in national development strategies. This corresponds to the main theme of Commitment Five of the POA, which recognizes that LDCs need to rely on trade to generate the resources of financing growth and development.

Enhancement of the IF

42. Recent evaluations of the IF have acknowledged the fundamental soundness of the IF approach, but called for further fine-tuning to move to a robust implementation stage.⁷⁰ Following the recommendations by the Development Committee of the World Bank and the IMF at their meeting in September 2005, the Task Force on an enhanced IF was created in the WTO to provide recommendations to enhance the IF. The work of the Task Force was concluded with the adoption of its recommendations in July 2006 by the IF management bodies: the IF Working Group and the IF Steering Committee, which group together the representatives of the IF stakeholders.⁷¹ In broad terms, the Task Force recommended:

- (a) a significant strengthening of capacity in each LDC recipient country, funded by the IF Trust Fund, to manage the IF process, including mainstreaming of trade, preparation of the DTIS and projects, and other activities within the scope of the IF;
- (b) the creation of a new independent Executive Secretariat, administratively housed in the WTO Secretariat, which would take operational decisions, manage the IF Trust Fund and report to a Board consisting of donors, LDCs and the IF Agencies; and

- (c) a funding target of US\$400 million over an initial five-year period through a multilateral trust fund and bilateral cooperation.⁷²

43. To operationalize the recommendations of the Task Force, an IF Transition Team was set up in July 2006, comprising representatives of LDCs, donors and IF Agencies. Work in the Transition Team is currently on-going with a view to ensuring that the enhanced IF enters into force no later than 31 December 2006, as stipulated by Ministers at the Hong Kong Ministerial Conference.

VII. CONCLUDING REMARKS AND WAY FORWARD

44. The Brussels Programme of Action as well as the Doha Ministerial Declaration reaffirm that international trade can play a major role in the promotion of economic development and the alleviation of poverty. LDCs' share in world merchandise trade increased from 0.4 per cent in the beginning of the decade to 0.6 per cent in 2004, according to the latest available data.⁷³ This represents a minor but positive step in reversing the trend of the marginalization of LDCs in world trade. Most of the LDCs, however, remain marginal participants in the multilateral trading system and global economy. Lack of product diversification, reliance on a limited number of markets, as well as low technology content, continue to characterize the export profile of LDCs.

45. The DDA negotiations launched in 2001 offer a unique opportunity for LDCs to trade their way out of poverty. Shortly after Doha, WTO Members put in place a Work Programme for LDCs, the first of its kind, to provide a platform for their continuous focus on issues of interest to LDCs in the regular work of the WTO. The Work Programme incorporates all key trade-related elements of the POA. On the negotiating front, LDCs have been active participants, submitting a number of proposals in their different areas of interest. It is encouraging to note that at the most recent Ministerial Conference in Hong Kong, LDCs have witnessed some important decisions such as the one on DFQF market access, the agreement on a date for the elimination of agricultural export subsidies and the frontloaded reduction of trade distorting domestic support in the cotton sector. While not strictly part of the negotiations, additional decisions have been taken to provide greater flexibility to LDCs in implementing existing WTO Agreements, such as the TRIPS Agreement. Moreover, the WTO membership has welcomed the accession of the first two LDCs to the organization since its establishment, bringing the total number of LDC WTO Members to 32. Finally, LDCs have witnessed a substantial increase in different forms of assistance, both from the WTO Secretariat and through partnership programmes with other organizations.

46. Despite the progress made in advancing the interests of LDCs in the multilateral trading system in the last few years, their trade and development challenges remain and would require further efforts from LDCs themselves as well as from their partners. On the part of the WTO Secretariat, the Director-General is mindful of their special challenges and is meeting regularly with the LDC Group to exchange views and to explore ways to help them advance their interests in the WTO. Accordingly, there are three areas where the WTO could make further contributions towards achieving the goals of the POA. First, a successful conclusion of the DDA negotiations is an essential and necessary condition for consolidating the progress made so far in the negotiations, including on issues of interest to LDCs. As Chairman of the Trade Negotiations Committee, the Director-General will continue to play a catalyst role in concluding the negotiations. Second, the diversity of the WTO membership remains of fundamental importance to the core principle of non-discrimination in the trading system. Faithful to the Guidelines on LDC Accession, the Director-General would continue to accord priority attention to the on-going LDC accessions, through his good offices and consultations with their representatives and ensuring that targeted technical assistance is delivered, with a view to their timely conclusion. Third, one of the major challenges for LDCs in world trade remains that of addressing supply-side constraints to enable them to take advantage of improvements in market access opportunities. This requires multi-stakeholder interventions and targeted assistance to support LDCs' efforts to integrate trade into their national development strategies, such as through the IF and the Aid for Trade initiative. The months ahead will be critical to put in place the enhanced IF as well as to

make further progress on the Aid for Trade initiative. This will help in making trade work for development.

¹ Paragraph 3 of the Doha Ministerial Declaration, contained in document WT/MIN(01)/1.

² Document WT/COMTD/LDC/11.

³ It is also worth mentioning that in an effort to better respond to the LDCs' needs, the WTO Secretariat reorganized and streamlined its Divisions dealing with development issues. In February 2003, an LDC Unit was established within a newly created Development Division. The Unit serves as the focal point for all LDC issues within the Secretariat.

⁴ Documents WT/GC/W/485/Rev.1 and WT/MIN(03)/1.

⁵ Paragraph 42 of the Doha Ministerial Declaration states that "we commit ourselves to the objective of duty-free, and quota-free market access for products originating from LDCs".

⁶ As an official indicator of Goal 8 of the United Nations Millennium Development Goals, the proportion of imports from developing and least-developed countries (excluding arms and oil) admitted to developed countries duty-free is regularly monitored and reported by the international community. In 2004, the latest year available, 79 per cent of LDC exports entered developed country markets duty free. (UN website <http://unstat.un.org/unsd/mdg/default.aspx>)

⁷ In the case of the European Communities, banana, rice and sugar had transition periods for the implementation of duty-free and quota-free market access. The latest notifications of market access initiatives can be found in documents WT/COMTD/N/4/Add.2 for the EC, WT/COMTD/27 for New Zealand and WT/COMTD/N/6/Add.1 for Norway.

⁸ Document WT/COMTD/N/1/Add.3. This is an addition to the GSP benefits which are accorded to designated LDCs, as notified in document WT/COMTD/N/1/Add.2.

⁹ The notifications are contained in documents WT/COMTD/N/18 for Australia, WT/COMTD/N/15/Add.2 for Canada, WT/COMTD/N/17 and Corr.1 for Iceland, WT/COMTD/N/2/Add.12 for Japan and WT/COMTD/N/7/Add.2 for Switzerland.

¹⁰ The Secretariat's annual reports "Market Access Issues Related to Products of Export Interest Originating From LDCs" are contained in WTO documents WT/COMTD/LDC/W/28, 31, 35 and 38. In addition to the review of market access improvements, each study contains specific topic related to market access for LDCs, such as non-tariff barriers (W/28), rules of origin (W/31), the utilization of preferences (W/35) and the market access conditions in developing countries (W/38). Moreover, at the request of the Sub-Committee on LDCs, the Secretariat prepared a note "Options for Least-Developed Countries to Improve their Competitiveness in the Textiles and Clothing Business", in document WT/COMTD/LDC/W/37, in light of the termination of the Agreement on Textiles and Clothing on 31 December, 2004.

¹¹ The Framework Decision is contained in document WT/L/579. In the Decision, paragraph 45 of Annex A (Agriculture) states: "Developed Members, and developing country Members in a position to do so, should provide duty-free and quota-free market access for products originating from least-developed countries".

Moreover, paragraph 10 of Annex B (NAMA) states: "Furthermore, in recognition of the need to enhance the integration of least-developed countries into the multilateral trading system and support the diversification of their production and export base, we call upon developed country participants and other participants who so decide, to grant on an autonomous basis duty-free and quota-free market access for non-agricultural products originating from least-developed countries by the year [...]".

¹² Document TN/CTD/W/4 and Add.1.

¹³ The LDC Agreement-specific proposals relate to the Understanding in Respect of Waivers of Obligations under the GATT 1994, the Enabling Clause, the Agreement on Trade-Related Investment Measures and the Decision on Measures in Favour of Least-Developed Countries.

¹⁴ The Decision on DFQF, as contained in proposal 36 of Annex F of the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC), includes a number of elements. For the sake of completeness, it is reproduced below:

"36) Decision on Measures in Favour of Least-Developed Countries

We agree that developed-country Members shall, and developing-country Members declaring themselves in a position to do so should:

- (a) (i) Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability.
- (ii) Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of

the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing countries at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products.

(iii) Developing-country Members shall be permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage.

(b) Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access.

Members shall notify the implementation of the schemes adopted under this decision every year to the Committee on Trade and Development. The Committee on Trade and Development shall annually review the steps taken to provide duty-free and quota-free market access to the LDCs and report to the General Council for appropriate action.

We urge all donors and relevant international institutions to increase financial and technical support aimed at the diversification of LDC economies, while providing additional financial and technical assistance through appropriate delivery mechanisms to meet their implementation obligations, including fulfilling SPS and TBT requirements, and to assist them in managing their adjustment processes, including those necessary to face the results of MFN multilateral trade liberalisation".

¹⁵ In agreeing to the Decision on DFQF, Ministers took note of the understanding that the decision was a framework and that Members were urged to set out by the end of 2006 the means by which they would implement the decision.

¹⁶ The notifications by the United States and Japan are contained in documents WT/COMTD/W/149 and 150, respectively. More detailed information on the state of DFQF provided to LDCs is in document WT/COMTD/LDC/W/38 and its Corrigendum.

¹⁷ Top ten markets for LDCs in 2004 were: EU 15 (29.2 per cent), US (22.7 per cent), China (17.8 per cent), Thailand (5.0 per cent), Japan (4.2 per cent), India (2.9 per cent), Chinese Taipei (2.9 per cent), Korea (1.8 per cent), Canada (1.5 per cent) and Singapore (1.2 per cent). Moreover, in 15 LDCs, developing countries account for more than 50 per cent of their export markets.

¹⁸ The proposal by the LDC Group, contained in document TN/CTD/W/31, has been submitted as an input in the S&D negotiations, as well as in the market access negotiations in Agriculture and NAMA.

¹⁹ The draft modalities are contained in documents TN/AG/W/3 for Agriculture and TN/MA/W/80 for NAMA.

²⁰ Document WT/COMTD/LDC/W/39 and Add.1.

²¹ Document TN/CTD/W/30.

²² Paragraph 55 of the Doha Ministerial Declaration.

²³ Since the Hong Kong Conference, the African Group has submitted a proposal on "Modalities for Negotiations on Agricultural Commodity Issues" contained in document TN/AG/GEN/18, to the Agriculture negotiations. In parallel, the work on commodities has been undertaken in the Committee on Trade and Development, where the submission by two LDCs, Tanzania and Uganda, together with Kenya, contained in document WT/COMTD/W/113, has formed the basis for discussion.

²⁴ Document TN/AG/GEN/4.

²⁵ Document WT/L/579, Annex A, paragraph 4.

²⁶ It should be noted that these agreements form part of the Single Undertaking.

²⁷ Document TN/AG/SCC/GEN/4 and TN/AG/SCC/GEN/6.

²⁸ His periodic reports are contained in documents WT/GC/83 and Add.1 for 2004, and WT/GC/97 and Add.1 for 2005.

²⁹ The modalities are contained in document TN/S/13.

³⁰ Document TN/S/W/59.

³¹ The categories of services suppliers identified by the LDCs include: independent professionals, business visitors, contractual service suppliers; and others.

³² Landlocked LDCs are: Afghanistan, Bhutan, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lao PDR, Lesotho, Malawi, Mali, Nepal, Niger, Rwanda, Uganda and Zambia.

³³ Rwanda co-sponsored proposals with Paraguay and Switzerland and others, as contained in documents TN/TF/W/39, W/119 and W/133, on improving and clarifying the provisions of GATT Article V with a view to expediting the movement of goods in transit. Uganda co-sponsored proposals with the United States, as contained in documents TN/TF/W/22, W/86 and W/104, on the prohibition of requiring consular transactions,

including consularization-related fees and charges, in connection with the importation of goods. Solomon Islands, together with other small vulnerable economies, co-sponsored a proposal on enquiry points, as contained in document TN/TF/W129.Rev.1.

³⁴ For other developing countries, the principle of "less than full reciprocity" generally applies.

³⁵ Non-reciprocal preferential market access, including that being provided through the DFQF decision, has become one of defensive issues for some developing and least-developed countries. If a country's exports benefit from non-reciprocal market access to certain developed countries, their preference margins may be eroded as a result of the MFN-based liberalization. Recognizing this as a challenge, Ministers in Hong Kong mandated the NAMA Negotiating Group to assess the scope of the problem with a view to finding solutions.

³⁶ Document TN/AG/GEN/13.

³⁷ Contained in paragraph 3 of Annex D of the August 2004 Framework Decision, document WT/L/579.

³⁸ Contained in paragraph 2 of Annex D of the August 2004 Framework Decision, document WT/L/579.

Paragraph 6 further states that "in cases where required support and assistance for such infrastructure is not forthcoming, and where a developing or least-developed Member continues to lack the necessary capacity, implementation will not be required."

³⁹ Contained in Decision 88 of Annex F of the Hong Kong Ministerial Declaration, WT/MIN(05)/DEC.

⁴⁰ Contained in Annex F of the Hong Kong Ministerial Declaration.

⁴¹ Document IP/C/40. This Decision also calls for enhanced technical cooperation and capacity building by developed country Members and by the WTO in cooperation with WIPO and other international organizations.

⁴² Document IP/C/25.

⁴³ The Decision on the "Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, contained in document WT/L/540 and Corr.1, includes three waivers to paragraphs (f) and (h) of Article 31 of the TRIPS Agreement with respect to pharmaceutical products. It provides additional flexibility for parties to regional trade agreements, at least half of the members of which are LDCs. Pursuant to paragraph 11 of this Decision, the Council for TRIPS prepared an amendment of the TRIPS Agreement replacing the waiver provisions. In December 2005, the General Council adopted the Protocol amending the TRIPS Agreement, as contained in document WT/L/641, and submitted it to WTO Members for acceptance by 1 December 2007. The Protocol will enter into force upon acceptance by two thirds of the Members. In the meantime, the waiver provisions of the August 2003 Decision remain in force.

⁴⁴ Document WT/L/508.

⁴⁵ The Director-General also submitted a status report to the Fifth Ministerial Conference on the "Implementation of the Commitment by Ministers to Facilitate and Accelerate the Accession of the LDCs". The report is contained in document WT/MIN(03)/2.

⁴⁶ Article XII of the Agreement establishing the WTO deals with accession.

⁴⁷ Afghanistan, Ethiopia and Sao Tomé and Príncipe are at the initial stage of the accession process, while Vanuatu concluded its accession negotiations in 2001.

⁴⁸ The simple average of other recently acceded Members' agricultural final bound rates varies from a low of 9.4 per cent (Albania and Croatia) to a high of 35.5 per cent (Bulgaria). For non-agricultural products, it varies from 4.8% (Chinese Taipei) to 23.6% (Bulgaria). Table 3 of the Secretariat's "Technical Note on the Accession Process", contained in document WT/ACC/10/Rev.3, provides information on the recent accessions since 1995.

⁴⁹ Table 5 of the Secretariat's "Technical Note on the Accession Process", contained in document WT/ACC/10/Rev.3, provides information on the recent accessions since 1995.

⁵⁰ Currently, out of ten acceding LDCs, Lao PDR, Samoa, Sao Tomé and Príncipe and Vanuatu have non-resident missions.

⁵¹ Document WT/COMTD/LDC/W/32 describes technical assistance provided to LDCs in accession.

⁵² The Secretariat prepared a note on the "Enhancing the Participation of LDCs in the Multilateral Trading System", contained in document WT/COMTD/LDC/W/30.

⁵³ At the highest level, LDCs meet at the level of ministers to prepare for WTO Ministerial Conferences with a view to adopting a common position on LDC agenda. The first meeting was held in Zanzibar, Tanzania in July 2001, followed by meetings in Dhaka, Bangladesh in June 2003, in Dakar, Senegal in May 2004, and in Livingston, Zambia in June 2005. The ministerial declarations adopted by these meetings are contained in documents WT/L/409, L/521, L/566 and L/614, respectively.

⁵⁴ The WTO services and provides interpretation for meetings of the LDC Group. In addition, under the WTO Internship Programme, voluntary contributions are used to provide interns to work in the missions of the rotating co-ordinators.

⁵⁵ The latest Annual Technical Assistance Plan 2006 is contained in document WT/COMTD/W/142.

⁵⁶ In addition to two 3-week Introduction Courses for LDCs, four Trade Policy Courses of twelve weeks each are annually organised at the WTO headquarters. In addition, the Secretariat organises Regional Trade Policy

courses with the same duration in five different regions - the Caribbean, English-speaking Africa, French-speaking Africa, Asia and the Pacific, and Latin America, to which LDCs are also invited to participate.

⁵⁷ Non-resident LDCs include: Central African Republic, Equatorial Guinea, Gambia, Guinea-Bissau, Lao PDR, Malawi, Maldives, Niger, Samoa, Sao Tomé and Príncipe, Sierra Leone, Solomon Islands, Togo and Vanuatu.

⁵⁸ Focus has been given to the TPRs of LDCs in response to the recommendations of the High Level Meeting on LDCs' Trade Development in October 1997 and the appraisal of the TPRM in 1999.

⁵⁹ The LDCs reviewed since the establishment of the TPRM are: Angola, Bangladesh (three times), Benin (twice), Burkina Faso (twice), Burundi, Djibouti, Gambia, Guinea (twice), Haiti, Lesotho (twice), Madagascar, Malawi, Maldives, Mali (twice), Mauritania, Mozambique, Niger, Rwanda, Senegal (twice), Sierra Leone, the Solomon Islands, Tanzania (twice), Togo (twice), Uganda (three times), and Zambia (twice).

⁶⁰ The Secretariat prepared for the Sub-Committee on LDCs a note on "Assistance to Address Supply-Side Constraints" contained in document WT/COMTD/LDC/W/33 and Add.1.

⁶¹ For full listing of WTO's collaboration with other multilateral institutions, see the above-mentioned Secretariat note.

⁶² In total, over two-thirds of the projects approved to date have been in LDCs or other low income countries - exceeding the 40 per cent target. A recently completed external evaluation of the STDF recommended the establishment of a medium term strategic plan for the STDF based on annual donor funding of approximately US\$ 5 million per year; the STDF Policy Committee will consider such a plan in early 2007.

⁶³ Paragraph 57 of the Hong Kong Ministerial Declaration.

⁶⁴ Document WT/AFT/1.

⁶⁵ Ministers in Hong Kong also welcomed the three elements which would constitute an enhanced IF, including: (i) increased, additional, predictable financial resources to implement Action Matrices; (ii) strengthened in-country capacities to manage, implement and monitor the IF process; and (iii) enhanced IF governance (paragraphs 48-51 Hong Kong Ministerial Declaration).

⁶⁶ For further details, please refer to the IF website: www.integratedframework.org

⁶⁷ The group of 23 countries which have validated their DTIS or are at the final stages of finalization: Benin, Burundi, Cambodia, Chad, Djibouti, Ethiopia, Guinea, Lao PDR, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Uganda, Yemen, and Zambia. Additional countries:

- preparation of the DTIS on-going in eight countries: Angola, Burkina Faso, Central African Republic, Niger, Sierra Leone, Sudan, The Gambia, Vanuatu;
- the IFWG has mandated the World Bank or UNDP to undertake a Technical Review (the preliminary step in the process) in ten countries: Afghanistan, Comoros, Democratic Republic of Congo, Equatorial Guinea, Guinée Bissau, Haiti, Liberia, Samoa, Solomon Islands, Togo;
- Country having requested to join the IF: East Timor;
- Eritrea has taken a pause from the IF.

⁶⁸ Based on pledges. At this stage, the contributing donors to the Trust Fund are: Belgium, Canada, Denmark, Finland, France, Ireland, Netherlands, Norway, Sweden, Switzerland, UK, US, UNDP and the World Bank

⁶⁹ The terms of references for Window II of the IF Trust Fund are contained in document WT/IFSC/4/Rev.1

⁷⁰ WT/IFSC/6/Rev.2 plus Add.1

⁷¹ For details see document WT/IFSC/W/15 plus Corr.1.

⁷² Of the proposed \$400 million, \$77 million is dedicated to core function support, including support to the Focal Point; \$320 million for Action Matrix implementation support (i.e. \$8 million per each LDC); and \$14 million for the newly established Executive Secretariat.

⁷³ World Trade Report 2006.