

trade capacity
for
acceding
LDCs



International
Trade
Centre



WORLD TRADE
ORGANIZATION

“ Participants welcomed the efforts of the Executive Secretariat of the EIF, the International Trade Centre and the WTO Secretariat to coordinate and finalize the technical assistance programme for the private sector in acceding LDCs. ”

Roundtable on LDCs' accessions,
Phnom Penh, 28-30 September 2009

“ A particular area of interest for us, where I would like to encourage ITC to continue its work, is that of aiding developing countries in the WTO accession process. Providing continued support to the private sector in these countries is crucial to their successful accession to the WTO. ”

Pascal Lamy,
Director-General, World Trade Organization,
ITC Joint Advisory Group, 10 December 2008

“ Membership of the WTO is necessary for participation in the collective exercise of fashioning a rule-based system capable of meeting the needs of producers, importers, exporters, investors and consumers the world over for the coming decades. Constructive dialogue between the government and the country's private sector is an essential component of any successful WTO accession strategy. There are challenges, of course, but also great prizes to be won. ”

Patricia R. Francis,
Executive Director, International Trade Centre,
November 2009

“ The Integrated Framework presents a unique instrument for enhancing collaboration and coherence amongst EIF partners with the full aim of maximising the utilization of scarce resources in support of LDCs, including those in the WTO accession process. Acceding LDCs must therefore take advantage of the EIF and use it to fully integrate themselves into the multilateral trading systems and the benefits thereof. ”

Dorothy Tembo,
Executive Director, Executive Secretariat for the
Integrated Framework at the WTO, November 2009

WHY JOIN THE WTO?

“I remain convinced that the gradual opening of domestic markets to international trade, with justifiable exceptions or with adequate flexibilities, allows the achievement of sustainable development, raising people’s welfare, reducing poverty, and fostering peace and stability.”

Pascal Lamy,

Statement to the WTO General Council,
29 April 2009

Through WTO accession, acceding governments secure improved market access opportunities on a MFN (Most Favoured Nation) basis to enable businesses to convert trade agreements into opportunities as well as benefitting from the rule-based multilateral trading system. The core aim of the WTO’s rule-based system is to ensure that markets remain open and that access to them is not disrupted by arbitrary measures that restrict trade.

The private sector, the particular focus of ITC’s programmes, is the engine of any country’s economy. It is widely recognized that accession to the WTO has direct and tangible implications for the business community, including small and medium-sized enterprises, since WTO agreements shape the national as well as international trading environments.

It is not widely appreciated, however, that the WTO system, as well as imposing obligations on producing industries and business enterprises, also creates rights in their favour. However, the ability of the private sector to benefit from the system and exercise these rights depends to a great extent on its knowledge and understanding of the trading environment governed by WTO agreements.

If understanding of the business implications of WTO membership can be improved – its opportunities, benefits and challenges – the foundations can be laid for a successful export-oriented business environment, particularly in the least developed countries (LDCs). This will require building up the capacity of the private sector, using instruments such as the Enhanced Integrated Framework (EIF), so that it can take advantage of the new opportunities that will emerge in the post-accession phase.

ITC, as a trade-related technical assistance agency, has long provided information and support to the private sector in developing countries to enable entrepreneurs to take a proactive role in business advocacy with their governments. The agency can assist the business community in understanding the commercial and other implications of WTO accession. ITC can also assist in empowering enterprises, including the small and medium ones, to articulate their interests and priorities to trade negotiators and to ensure that these are robustly defended during the negotiations.

“We recommitted ourselves to a more intensive engagement in our accession negotiations. We reaffirmed the value of the accession process in providing an instrument for domestic reforms necessary for drawing on the benefits that accrue from membership.”

**Statement of the Roundtable
on LDCs’ accessions,
Phnom Penh, 28-30 September 2009**

HOW TO JOIN THE WTO

The WTO is about the rules of trade, open, transparent and liberal policies. It is also about competitiveness and adjustment to change. The rule-based system enables enterprises and service providers to market their products and services internationally under predictable conditions of fair competition and without disruptions caused by sudden imposition of restrictions. WTO membership provides access to a huge range of benefits. The accession process is a negotiation seeking to strike the right balance between the integrity of the rule-based, contractual WTO trading system and the special needs of individual acceding countries. The process has four key elements:

1. Domestic reform

A national policy of broad-ranging domestic reform, aimed at increasing competitiveness and the diversification of the economy, is essential. A new system of technical regulations, simplified administrative procedures (for business registrations, licensing and customs clearance), laws regulating intellectual property rights and new laws on investment, are all likely to be components of the reform process. Once the domestic reform process is under way, WTO accession becomes a logical complementary process to provide external stimulus and ensure that the national reform is truly irreversible.

This kind of approach has been shown to be critical to meaningful WTO membership, and only when countries adopt it do their negotiations move forward. This was true not only of major accessions such as China, Saudi Arabia and Vietnam, but also in the case of LDCs and other small economies, such as Cambodia, Cape Verde and Tonga.

2. National consensus

A vital element in the accession process is building national support for the process among key stakeholders, the most important of which is the private sector. Although governments negotiate and take on the contractual responsibilities of WTO membership, it is the private sector that will be in the front line, dealing with the consequences. It must work out how business interests can best be defended and how entrepreneurs can position themselves to secure the benefits and meet the challenges of the open and undistorted competition that is fundamental to the WTO system. New ways of doing business, including taking advantage of opportunities in foreign markets, exploring avenues of new investment, technology transfers and joint ventures, require the whole-hearted engagement of the private sector as an active partner of government.

The most effective approach for building this type of consensus, which also needs to include parliamentarians, the media and the academic world and civil society in general, is transparency and openness during the negotiating process. Such transparency builds confidence at home and abroad and helps to secure genuine engagement and healthy interaction among stakeholders, reducing mistrust and uncertainty. Everyone needs to be convinced of the benefits of accession, if membership is to be a success for the country.



3. Policy commitment

Clear and demonstrable policy commitment at the highest levels of government, both executive and legislative, is also crucial for smooth WTO accession. It provides vital support for the negotiating team and is the only way that the hard policy decisions required can be taken in a coordinated manner by the many ministries and departments concerned. The chief negotiator needs a solid team under a single lead ministry with clear authority over the various sectors of government.

Top levels of government must ensure that turf wars are prevented among agencies and departments, and that domestic lobbies with vested interests are prevented from engaging in delaying tactics. Some governments have taken the decision to apply for membership without really thinking through what it involves in terms of aligning their national economic, legal and trading practices with WTO norms. These governments invariably waste years of negotiating time complaining about the perceived cost of accession being somehow too high.

4. Preparing for post-accession

New members join WTO on a promise that they will live up to their agreed entry terms. It is a matter of trust, and, at the same time, no WTO member wants to see a new entrant's record start off with unpleasant disputes, which would not benefit the newcomer either. This can be avoided by taking early steps to ensure that the post-accession phase is smooth and orderly.

This phase needs to be prepared while the accession negotiations are still ongoing, since meeting WTO commitments will require wide-ranging legislation and executive acts, as well as establishment of an institutional framework to guarantee enforcement. There are transitional periods for bringing individual WTO agreements into effect, and countries have to demonstrate that action is under way and progress being made. Draft laws and regulatory instruments have to be submitted regularly. It is an important phase, as can be seen from the fact that even a small LDC economy such as Cambodia established a large task force for the purpose, comprising more than 100 senior officials under the chairmanship of the Minister for Commerce.



TRADE CAPACITY FOR ACCEDING LDCs: A WTO/ITC PROGRAMME

“ Participants stressed the necessity of technical assistance for acceding and acceded LDCs and urged all technical assistance agencies to continue to provide targeted assistance in support of LDCs’ accession. ”

**Roundtable on LDCs’ accessions,
Phnom Penh, 28-30 September 2009**

“ The country can benefit fully from globalization if, and only if, all economic players participate in optimizing their benefit. The role of the government is vital in involving the private sector, farmers and civil society in trade, requiring genuine reform and strong political will. ”

**Hach Sok and Sanmang Chea,
Economic Institute of Cambodia,
“Managing the Challenges of WTO Participation:
45 Case Studies”, WTO 2005**

The WTO-ITC Programme on Trade Capacity for Acceding LDCs will contribute to building the trade capacity of acceding LDCs and the smooth implementation of immediate post-accession commitments. The programme’s primary beneficiaries will be both the private business sector and government representatives involved in accession negotiations.

All LDCs with Observer status at the WTO are eligible to take part in the programme. Delivery will be phased, responding to the needs expressed by different countries at different stages of the accession and immediate post-accession processes. Initially the programme will be implemented in five countries: Ethiopia, the Lao People’s Democratic Republic, Liberia, Yemen and Samoa.

The programme is built to respond to needs identified in the EIF Diagnostic Trade Integration Studies (DTIS) of the LDCs and on the conviction that by improving the understanding of all parties of the business implications of WTO membership – including the opportunities that it may present, the benefits it can bring and the challenges that must be met – the necessary conditions for a vibrant export-oriented business environment can be established, and the business community can be put in a state of readiness to reap the benefits of accession.

The programme will support governments in their accession negotiations by ensuring that they have a fuller knowledge and understanding of business implications, by facilitating structured public-private sector dialogue and by helping governments secure the buy-in of all stakeholders through an inclusive process.

ITC will focus on:

- building private-sector capacity to understand the business opportunities and benefits of WTO accession, through seminars, workshops and training programmes, business guides, analysis of trade trends and tariffs, and dissemination of case studies to share best practice;
- providing access to databases and information sources for analysis, including research on specific subjects in collaboration with local institutions; and
- assisting chambers of commerce and trade associations in stimulating internal debates and advocacy campaigns on the benefits of WTO accession and trade integration.



WTO activities will include:

- establishing WTO reference centres to enable private-sector operators and government officials to access trade data and WTO-related documentation on a continuing basis;
- organizing national seminars and technical workshops for accession negotiating teams on the process and procedures of the accession negotiations;
- providing support in preparation of the complicated documentation demanded by the accession process;
- providing access to accession e-learning systems to build the capacity of national staff to handle the process.

The activities will be designed in an evolutionary and consultative manner and will be in sync with national priorities. A coordination committee chaired by the national government entity and comprising chambers of commerce, other private sector organizations and ITC, will oversee implementation of the private-sector programme at national level. It is expected that inputs into the programme will be provided also by other EIF agencies according to the EIF principles and process.

SOME PROGRAMME BENEFICIARIES

Ethiopia

Ethiopian officials have confirmed to ITC that they need custom-made technical assistance to address their particular challenges. Providing such assistance effectively will mean strengthening the current working relationship between the Ministry of Trade and Industry and the two private-sector chambers of commerce in the country. ITC will assist in establishing a tripartite consultative mechanism with the government and private sector that will ensure that ITC's technical assistance programme is aligned and coordinated with collectively identified national priorities.

In terms of the work programme, an early step will be the establishment of a WTO reference centre, located in the Addis Ababa Chamber of Commerce. This will enable business people to access trade data and WTO-related documentation on a continuing basis to help identify market niches for the export of products and services in the post-accession phase. ITC will organize a series of workshops, seminars and training programmes for both private sector and government representatives. The Ministry of Trade and Industry has stressed the need for mass communication presentations targeting the business and agricultural sectors.

In the context of bilateral market access negotiations, particular problems are being experienced in the banking, insurance and telecommunications sectors. ITC workshops will focus on raising current levels of understanding of what can reasonably be expected of the country in these sensitive service areas.



Lao People's Democratic Republic

The country began the accession process a dozen years ago, and currently remains in the fact-finding phase of access negotiations. It recognizes the importance of the process, and a government minister has stated:

"We consider WTO accession as an important and useful instrument to assure that we progress steadfastly on this path and that our reforms are in conformity with international standards. Our approach in the accession process reflects this philosophy. We see Lao's access process as a mutually agreed reform process in which Lao PDR commits itself to reforms and a timetable to implement them."

Dr. Nam Viyaketh,
Lao's Minister of Industry and Commerce,
3rd Session of the Working Party on the
Accession to the WTO, 15 November 2007

The programme will be launched with a WTO awareness seminar/workshop in the first half of 2010, bringing together private sector and government officials from ministries involved in the negotiations. Further programmes will be planned to assist the private sector in understanding and dealing with the specific reforms needed to meet WTO entry requirements. The government has expressed appreciation of ITC's emphasis on the need for mutual consultation as the basis for developing programme activities in the country.

Liberia

As a country emerging from a long period of internal conflict, Liberia is at a very early stage of the process leading to WTO membership. The country made its application in June 2007. Extraordinary inter-agency support is required to assist Liberia in light of its many domestic challenges, rooted in a post-conflict situation.

The programme startup will mostly involve WTO workshops designed to help with the preliminary phases of the accession process, particularly capacity building. Later ITC will work with the government on involving the private sector in the process.

Yemen

Yemen applied for WTO membership in July 2002 and donors are already providing support to the process, which remains a priority for the government. At the same time, there is a focus on building capacity across ministries for assessing trade policy on its merits, and not simply as to whether it would be WTO-compliant.

Industry and Trade Minister Khaled Rajeh Sheikh has declared that the country is committed to WTO accession “as a necessary step and an important component in the country’s efforts to integrate into the world economy.”

Deeper private sector engagement is required in ongoing efforts of domestic reform linked to WTO accession. The government has welcomed the WTO/ITC programme, in particular its consultative approach, and urged ITC to launch it as soon as possible with a view to raising awareness in the private sector of the benefits and challenges of WTO accession, and removing the misunderstandings that have complicated the negotiating process.



Samoa

Samoa's application to join the WTO dates back to 1998. The country is working hard to expand capacity but the recent Tsunami undermined these efforts. Scaled up assistance is therefore required. The government has emphasized the need for an enhanced role for ITC in providing technical assistance to the private sector to dispel misunderstandings and doubts regarding WTO rules and obligations.

The private sector has indicated its need to be involved in the process to ensure that companies and service providers can take advantages of opportunities resulting from accession. There is widespread agreement on the need to involve a broad range of stakeholders in the process. Technical assistance requires targeting to specific industries and service providers in order to link policy with concrete realities and ensure a sustainable gain in private-sector growth and competitiveness.



PROGRAMME DETAILS

Funding

The initial period of the programme will be five years, with an estimated expenditure of US\$ 1 million per year. The programme will build on activities already under way, but additional funding from EIF donors and, as appropriate, the EIF Trust Fund will be required to develop new programme elements and extend the number of beneficiary LDCs.

Management

A programme steering committee will manage the programme, consisting of designated representatives from the secretariats of the participating agencies, with the Director-General of the WTO as Chairman ex officio.

Reporting

Reports on the delivery of the programme and its outcomes will be made, jointly with the beneficiary LDC, to the memberships of the participating agencies annually.

Evaluation

The participating agencies are engaged in developing benchmarks for evaluating the outcomes and impacts of the programme. These will be annexed to the programme documents and reviewed periodically closely with the participating LDC.

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... In particular, we encourage all Members to cooperate with the International Trade Centre, which complements WTO work by providing a platform for business to interact with trade negotiators, and practical advice for small and medium-sized enterprises (SMEs) to benefit from the multilateral trading system.

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**WTO Ministerial Declaration,
Hong Kong, 18 December 2005**

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