

# WORLD TRADE ORGANIZATION

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## PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

### Technical Assistance

*Communication from Canada, Denmark, Netherlands, Norway, Sweden and Switzerland*

The following communication, dated 16 July 1999, has been received from the Permanent Mission of Norway. The communication also attaches a letter, dated 12 July 1999, sent from the Coordinator of the WTO African Group to the Ambassador/Permanent Representative of Norway, the text of which is reproduced as an Annex to this document at the request of Norway.

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### **Proposal**

1. The third WTO Ministerial Conference in Seattle reconfirms the importance of technical cooperation as an integral activity of the WTO. The responsibility to finance these activities should therefore be shared by all the Members. The Conference decides that technical assistance in principle shall be financed through the regular budget. Technical assistance shall be directed to the needs related to the implementation of WTO agreements and Ministerial Declarations and to the integration of developing countries in the international trading system. Furthermore, the Ministerial Conference decides that the additional funding for technical assistance shall be made possible through an increase in the existing regular budget and not through reallocations. The necessary increase in the budget to meet at least the current annual demand for technical assistance, i.e. Sw F 10 million, shall be phased in by the same amount over a period of three years starting from year 2000. Ministers recognize that this does not exclude potential extra-budgetary contributions.

### **Background**

2. Technical cooperation is a systemic issue of fundamental importance, as reflected in the relevant provisions of the WTO agreements and as confirmed by Ministers in past WTO Ministerial Conferences. Technical assistance is provided in order to build institutional and human capacity and to enhance the ability of Members, and developing countries and LDCs in particular, to meet their rights and obligations. While technical assistance is an important part of integrating developing countries into the multilateral trading system, it is not a substitute for other actions by Members which can contribute to a better integration of the developing countries in the international trading system.

3. Technical cooperation activities increased more than fourfold between 1995 when the WTO Agreement entered into force, and 1998. The demand for technical assistance provided by the WTO, including those funded by individual trust funds, is expected to represent approximately 10 million for 1999. In 1999 Sw F 716,000 was provided through the regular WTO budget, representing only 0.56 per cent of the total WTO budget of Sw F 127 million.

4. This high dependency on voluntary extra-budgetary contributions provided by some Members has even increased in recent years. Whereas 80 per cent of technical cooperation activities were financed by a number of Members through voluntary, extra-budgetary contributions in 1998, this proportion is projected to increase to 90 per cent in 1999, creating a high degree of volatility as well as uncertainty as to the continued availability of funding. In addition, dependence on yearly ad-hoc grants that are subject to each Member's financial situation and priorities makes it difficult to plan even the short-term technical cooperation activities. In July 1999 a Global Trust Fund for technical cooperation was established with the view to achieve a more efficient management of extra-budgetary resources. This Trust Fund will continue to serve as a base fund for extra-budgetary funding.

5. WTO activities under the Integrated Framework, which resulted from the Singapore Declaration, have had to be financed with the Trust Funds at the Secretariat's disposal. Moreover, the High-Level Meeting also endorsed two recommendations with implications for technical cooperation on efforts to assist least-developed countries in the process of accession, and on assistance in preparing their trade policy reviews.

6. The limited capacity of the Secretariat and the need to improve the efficiency in implementing technical assistance, calls for closer cooperation between the Secretariat and other relevant international organizations to enhance developing countries integration into the international trading system. In addition, there is a need for a more rational approach in meeting the demand for technical assistance from Members through the establishment of medium- and long-term plans.

7. The solution in order to secure financing of technical assistance on a sustainable basis is to increase the regular WTO budget for this purpose.

## ANNEX

### Letter from the Coordinator of the WTO African Group, Ambassador Rana of Kenya to the Ambassador/Permanent Representative of Norway H.E. Mr. Häre Bryn

"As Coordinator of the WTO African Group, let me primarily thank you for the confidence of the Norwegian delegation in Members of the WTO African Group on the basis of which you forwarded the Norwegian proposal to the African Group for its consideration.

The Group carefully considered the Norwegian proposal on Technical Assistance at its meeting of 9 July 1999. Members welcomed the proposal and agreed to support it. It was considered that technical assistance was one of the most important priority issues for African countries in the multilateral trading system. Technical assistance is a core WTO activity, a pre-condition for the implementation of African Members' obligations and commitments, and hence a necessary condition for their integration into the multilateral trading system.

In considering the Norwegian draft, Members recalled the discussions at the 27th Session of the CTD on 8 July 1999, and again expressed alarm at the report, by the WTO Secretariat, of the deficit faced in the delivery of WTO technical assistance. In this connection, there was strong support for the Norwegian proposal that WTO technical assistance should be funded through the regular budget.

At the same time, I should bring to your attention that the view was expressed that not 'all' Members would be in a position to be responsible for the financing of technical cooperation activities, particularly the African Members who are the primary beneficiaries.

You may wish to circulate this letter as an attachment to the Norwegian proposal, as evidence of the support of the WTO African Group, and of the Group's position and concerns on the question of technical assistance."

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