

WORLD TRADE ORGANIZATION

WT/GC/W/299

6 August 1999

(99-3336)

General Council

Original: English

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Technical Assistance

Communication from Kenya on behalf of the African Group

The following communication, dated 29 July 1999, has been received from the Permanent Mission of Kenya.

I. BACKGROUND

1. WTO Members are bound by a standing commitment - in accordance with the preamble of the Agreement establishing the WTO - to undertake positive efforts that are designed to ensure that developing countries, and in particular LDCs, secure a share in growth in international trade commensurate with the needs of their economic development.

2. The African group firmly believes that the increased participation of developing countries, and in particular LDCs, in international trade should remain one of the main priority areas of the WTO. This should also be one of the main objectives of technical assistance activities of the WTO.

3. The objectives of technical assistance activities of the WTO include, *inter alia*, assisting beneficiaries in the full integration in the MTS as well as strengthening and enhancing institutional and human capacity for an appropriate participation in the MTS. These objectives are incorporated in the "Guidelines for WTO Technical Cooperation" which were adopted by the Committee on Trade and Development (document WT/COMTD/8, dated 16 October 1996).

4. Furthermore, in the First WTO Ministerial Conference WTO Members made a commitment to improve the availability of technical assistance. This commitment was reaffirmed in the Second Ministerial Conference. Accordingly, developing countries have the right to expect that technical assistance respond to their needs in an effective manner, is of high quality, leads to concrete results and has the greatest possible positive impact on their trade flows.

5. A number of positive developments have been witnessed in the last few years regarding technical assistance activities in the WTO, namely:

- (a) an increase in the number of technical assistance activities;
- (b) an increase in the number of technical assistance activities in Africa and in LDCs;

- (c) an increase in extra-budgetary resources for technical assistance in the period 1995 - 1998; and
- (d) more focus is currently being given to technical missions and advisory services compared to seminars of a general nature.

6. However, a number of difficulties are also facing technical assistance activities in the WTO.

7. Despite the high priority accorded to technical assistance activities in the WTO, the regular WTO budget for technical assistance has remained at the same insignificant level since the establishment of the WTO, that is Sw F 741,000. This represents around 0.5 per cent of the total budget that is around Sw F 127 million.

8. Extra-budgetary contributions from a few generous WTO Members, that incidentally are not themselves major trading partners, were utilized to respond to technical assistance requests from developing countries and in particular LDCs as well as from economies in transition. The African group would like to seize this opportunity to express its appreciation for these Members.

9. However, around 80 per cent of technical assistance activities for 1998 were financed through extra-budgetary contributions. This creates a high degree of uncertainty and makes the administration of technical assistance highly complicated especially since the Secretariat has to comply with varying conditions and guidelines set by donors for the utilization of these funds.

10. Furthermore, the current financial situation is extremely disturbing. The Secretariat has indicated that it has already committed 100 per cent of the funds presently available at its disposal. As a matter of fact, the Secretariat has already been refusing requests for technical assistance for the last few weeks. It added that it would continue to do so until the end of the year unless additional funds are received. The Secretariat also indicated that this situation makes it extremely difficult to undertake any serious planning, even in the short term, particularly in light of the fact that 90 per cent of the projected expenditures for 1999 was expected to have been financed through grants that are subject to the financial situation and priorities of each contributing Member.

11. This is taking place at a time when developing countries in the WTO are facing numerous challenges, including :

- (a) difficulties associated with the implementation of the Uruguay Round Agreements (URAs) which were raised by developing countries in the process of preparation for the Third Ministerial Conference;
- (b) difficulties facing developing countries in fulfilling their notification obligations;
- (c) a number of transitional periods are due to end in a few months time and in particular in the areas of TRIPS and customs valuation;
- (d) preparation for future negotiations and the challenges associated with the expanded program of work of the WTO as a result of the Singapore Ministerial Conference that require an intensification of technical assistance activities;
- (e) increasing technical assistance requirements of LDCs and acceding developing countries.

12. At this stage, the African group would like to reiterate its firm position that technical assistance is not a panacea for all the difficulties associated with the implementation of the URAs, and that despite the importance of technical assistance, it is only one of the components of the requirements of developing countries to achieve their trade objectives including their further integration in the MTS.

13. It must also be realized that the ability of many developing countries to meet their obligations in the WTO is contingent on the adequacy and effectiveness of technical assistance.

14. It is with great concern that the African group witnesses the increasing technical assistance needs of developing countries in the MTS being faced by inadequate human and financial resources.

II. PROPOSAL

15. The objective of this proposal is to address two issues :

- (a) strengthening technical assistance activities in the WTO;
- (b) financial aspects of technical assistance activities in the WTO.

16. The African group would like to propose the following :

- (a) WTO Members should reaffirm their commitment to technical assistance as a core activity of the WTO. Technical assistance should be implemented in a manner that would effectively achieve the previously agreed objectives.
- (b) Developed WTO Members, and in particular major trading partners, should express their firm commitment to provide adequate extra-budgetary resources for technical assistance. The objective should be to increase the funds available for technical assistance by 50 per cent (as compared to the total anticipated expenditure for 1999 which is around Sw F 9.4 million) by the beginning of the commencement of future negotiations. These funds will be used to address the increasing needs of developing countries and LDCs in the MTS. An additional increase of 50 per cent should also be achieved by the end of the process of negotiations. This would bring the total budget outlays for technical assistance to around Sw F 20 million by the end of the process of negotiations.
- (c) An increasing share of technical assistance should be financed through the regular budget. The objective should be to meet the current level of technical assistance requirements (around Sw F 9.4 million) through the regular budget in a phased manner by equal amounts. This should be achieved within the period of three years.
- (d) Furthermore, any surplus in the WTO budget should be allocated to technical assistance activities.
- (e) Human resources available to the Secretariat to deliver technical assistance should increase significantly with particular focus on the Technical Cooperation Division.
- (f) Particular attention should be given to strengthening assistance in the area of dispute settlement as well as the improvement in the use of information technology in various aspects related to technical assistance activities.

- (g) WTO Members should express a firm commitment to agree on a plan of action for technical assistance activities to address the difficulties facing developing countries in the implementation of the URAs that may be addressed through technical assistance. Furthermore, future agreements should incorporate a plan of action for technical assistance activities associated with the needs of developing countries for its implementation.
 - (h) The trade situation and the decline in the share of world trade of Africa and LDCs have been a source of great concern to all WTO Members. Hence, priority should continue to be given to technical assistance needs of Africa, LDCs and other low income WTO Members, particularly in light of the fact that they are the least integrated countries in the MTS.
 - (i) WTO Members should undertake an annual critical examination of technical assistance activities in the General Council during 'a day of reflection' devoted to this issue. This examination would be based on the consideration of reports and recommendations from WTO subsidiary bodies (in particular the CTD and the Budget Committee) on their consideration of issues related to technical assistance activities. The Secretariat would also be requested to prepare a comprehensive report on technical assistance activities that would include the difficulties encountered and possible ways and means of addressing them. The African group believes that this would contribute to the achievement of a more coherent approach to technical assistance in the WTO. This would also contribute to ensuring that technical assistance is better matched to the needs of developing countries. This examination may consider, *inter alia*:
 - the planning of technical assistance activities,
 - financing technical assistance,
 - improving monitoring and evaluation methods,
 - the coordination of technical assistance with those of other organizations, and in particular sub-regional organizations.
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