Discussion Forum Report

Geneva
27–29 November 2013
Palais des Nations

Why Trade Matters in Development Strategies

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Note

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Technical Cooperation Service
UNCTAD
Palais des Nations
8-14, Avenue de la Paix
1211 Geneva 10
Switzerland
Phone : +41 22 917 55 73
Fax : +41 22 917 00 43

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A. Background

The objective of this Forum was to foster dialogue between trade experts based in Geneva and national officials in charge of development planning, focusing on linkages between trade and development policies and on technical assistance needed to address these linkages and to ensure positive impact of trade on development processes.

Issues addressed included:

- How trade issues are taken into account in development and assistance strategies?
- Who decides what on the links between trade and development plans?
- How can the connections between trade and poverty, environment, productive capacity, gender and employment be included in development and assistance plans?
- Linkages between trade and development policies at:
  - The macro level;
  - The sectoral level;
  - The micro level.
- Technical assistance needed to address these linkages and to ensure positive impact of trade on development processes.

The participants in the Forum included members of the Geneva missions, donors, Geneva-based agencies and non-governmental organizations (NGOs), and a number of government officials from capitals who are generally in charge of, or involved in, the development planning processes but are not necessarily trade experts. These officials were selected from among those who have followed one of UNCTAD's regional and national workshops on "Integrating the Trade Dimension in United Nations Development Assistance Frameworks" that have been held in Guatemala, Lebanon, Lesotho, Mali and Nepal over the last two years. These participants were brought together to share experiences on:

- How trade issues and policies are actually taken into account and connected to:
  - Development strategies;
  - Poverty-reduction strategies;
  - Assistance plans and requests.
- What changes were introduced in the development strategies and assistance plans in order to take into account the implications of trade policy?
- At the national level, who does what and who decides what on the links between development plans, assistance plans and trade issues?
  - What are the connections between the ministry of planning (or its equivalent) and the ministry of trade?
  - How is the business sector involved in trade operations included in decisions concerning trade and development plans?
  - Are there other mechanisms of consultations?
  - Are donors informed or consulted?

This report summarizes the main points of each of the sessions in the workshop.

B. Trade policy issues in dealing with food security

Interventions by Ms. Ekaterina Krivonos, Food and Agriculture Organization (FAO)
Mr. Janvier Nkurunziza, UNCTAD
Mr. Jonathan Hepburn, International Centre for Trade and Sustainable Development
Ms. Caroline Dommen, Quaker United Nations Office

Main takeaway points from the session (by Nicolas Depetris Chauvin)

- Food security is part of the United Nations Millennium Development Goals (MDG), as Goal 1 aims to "eradicate extreme poverty and hunger by 2015". The percentage of undernourished has declined but the absolute numbers are still high. We have 1 billon people over and 1 billion people undernourished but there are no transfers among these two groups. This may point out that the problem is not as much about scarcity as it is about distribution.
- Food security has four dimensions: availability, access, utilization, and stability. Trade affects all these dimensions. Changes in trade policy affect relative prices of goods and factors and therefore both production and consumption decisions are affected. The effect is often heterogeneous for different segments and population groups.
- Net effects of trade liberalization on food security depend on many factors:
    - Who liberalizes (unilateral, regional, or multilateral)?
    - Comparative advantage in food production;
    - Consumption patterns;
    - The pace and sequencing of the reforms, especially agriculture policy;
    - Availability of physical and human resources;
    - Market functioning.
- Countries need specific and different national strategies and policies to benefit from international trade, improve livelihoods and pursue their own food security objectives. We need to address differences in opportunities among developing and developed countries (asymmetries). The distribution of benefits from participation in trade has been very uneven. We need to improve the international trading system and the countries' capacity to participate in it.
- Beyond the trading system, effective regulatory frameworks are needed to:
    - Internalize costs of maintaining environmental public goods (for example, climate);
    - Sustainably boost farm productivity in developing countries;
    - Provide targeted consumer subsidies to the poorest and most vulnerable people.

C. Can trade policies contribute to poverty reduction?

Interventions by Ms. Miho Shirotori, UNCTAD
Ms. Luisa Bernal, United Nations Development Programme (UNDP)
Mr. Marcelo Olarreaga, University of Geneva
Ms. Graciela Romero, War on Want

Main takeaway points from the session (by Nicolas Depetris Chauvin)

- There is a potential growth and poverty reduction nexus and trade can play a role in this nexus. Most of the international trade is done formally and informally by the private sector. While trade creates an economic boost in developing countries, it does not automatically reduce poverty. The problem is not trade but the naïve policy prescription of the automatic link. We now know that trade only reduces poverty if the growth it generates is inclusive (needs to expand the working population).
- There was emphasis on the risk of one-size-fits-all policies and that trade policy alone is not enough. Complementary policies also matter. Integration in a global market is good for a country if it has the right set of skills, it has access to financing, and if those markets are competitive.
- Some participants thought that trade policies can (and will) contribute to poverty reduction. The issue is what type of trade policies? The trade and growth nexus is not always sure. Globalization poses both risks and opportunities for developing countries. Access to new markets for exporting firms in low- and middle-income countries potentially creates employment and increases the salary of workers in those sectors. Local firms can also access better inputs and technology, helping to close the productivity gap observed in most developing countries. However, for gains from trade to materialize, resources need to be reallocated from less to more productive activities. In the presence of imperfect labour markets it is not clear that the gains from trade will be observed. Even more, globalization can increase unemployment, poverty and income inequality in the short and medium term, making it unsustainable socially, economically, and politically. This suggests that the relationship between international trade and labour market outcomes is complex and that there are important complementarities between trade and labour market policies. The overall effect of globalization in a developing country may depend on the provision of complementary policies, institutions, and infrastructure, highlighting the importance of public policies.
- The representative of War on Want emphasized the existing unbalance of power in global exchanges and that developed countries have the availability to exclude developing countries from the negotiations. “Know how” plays a key role in this unbalance of power.

D. Using trade to empower women

Interventions by Ms. Simonetta Zarrilli, UNCTAD
Ms. Vanessa Erogbogbo, International Trade Centre (ITC)
Ms. Mariama Williams, South Centre

Main takeaway points from the session (by Simonetta Zarrilli and Nicolas Depetris Chauvin):

- Gender inequalities are pervasive in society and in the economy. While economic development fosters gender equality, it is not sufficient, specific policy actions are needed to close the gender gap.
- Most countries across all regions have taken commitments towards gender equality and women's empowerment at the national, regional and multilateral levels. However, often these commitments do not translate into tangible improvements in women's life. Trade policy may be an effective instrument to translate aspirations about gender equality into reality. But for this to happen, gender considerations should be mainstreamed in trade and other macro-economic policies.
- Trade and trade policy can provide some of the critical dimensions of empowerment: decent working conditions, employment and income and wages, markets for profitable growth of micro, small and medium enterprises and farmers, enhancing the environment for the provision of social and other services and through the collection of trade taxes by Government from trade expansion.
- The relationship between trade and gender is bidirectional: trade and trade policy have an impact on women in the many dimensions of their life; and gender inequalities have an impact on a country's trade performance and trade competitiveness.
- Looking at the first side of the equation – trade impacts gender – women as producers can benefit from enhanced trade if they are active in the sectors that expand. Conversely, they can lose if employed in sectors that contract because of import competition. The participation of women in the economy and the female intensity of employment depend on the overall structural change in the economy, in particular the growth and decline of different sectors. This process is strongly affected by trade policy. Trade policy may trigger changes in prices. As consumers, women are by and large more affected than men by changes in the relative price of basic consumption goods since they are usually responsible for the wellbeing of the household. Trade liberalization implies the reduction or the dismantling of import tariffs. Reduced tariff revenues may translate in reduced public spending on essential services. This may increase the burden of women since they are the primary caregivers and are more reliant on public services, for example public transport, than men.
- Moving to the second side of the equation – gender inequality impacts on trade competitiveness – two situations can be distinguished. The first one is when gender inequality is used as a growth strategy. During the 1970s, some countries in South-East Asia employed a large pool of low cost female workforce in labour-intensive export industries. The gender wage gap indirectly improved international competitiveness by lowering labour costs and thus export prices. Because export increased, there was more foreign exchange available for the firms to acquire new technologies to upgrade production. As a consequence, the economy enjoyed sustained exports, economic growth and technological upgrading. However, this was a non-sustainable strategy, since societal evolution made gender inequalities increasingly unacceptable and a source of social conflict. The

second situation is when gender inequality is a burden on countries' trade competitiveness. Because of reduced access to resources, credit, technology, agricultural inputs, extension services, market information, and the like, women are often less efficient than their male counterparts. Such limitation affects the sector/country's competitiveness, since the country is unable to release its full growth potential. Moreover, since women are responsible for food and children's education, diminishing women's opportunities affects not only their living conditions but the livelihood and future prospects of many more.

- Can trade empower women? It depends on:
    - The extent to which trade itself promotes development and does not simply extract resources and depend on cheap labour;
    - The extent to which trade policy that promotes trade expansion and intensification beyond simply job creation. There has to also have a focus on wages and the nature of job and women's ability to have autonomy;
    - The extent to which trade policies, trade regulation and trade development projects and programme determined by national Governments are in synergy with governmental implementation of other policies local, national and international.

E. The interface between trade and productive capacity

Interventions by Ms. Lisa Borgatti, UNCTAD
Mr. Ablassé Ouedraogo, Member of Parliament, Burkina Faso
Mr. Anton Said, ITC

Main takeaway points from the session (by Lisa Borgatti):

- UNCTAD has defined productive capacities as the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop. ITC shares and applies the same definition. There was general consensus on the main demand and supply constraints that developing countries currently face. Costa Rica stressed the need to invest in education in order to increase the human capital development at the domestic level.
- There is much diversity among developing countries in the interrelationships between international trade, productive capacities and poverty. Trade can be the engine to the growth and poverty-reduction strategies of developing countries. Trade is essential for the development of productive capacities and the development of productive capacities is essential for trade. But, UNCTAD advocates for poverty reduction policies to be rooted in a development-driven approach to trade, rather than a trade-driven approach to development. This view was shared by ITC.
- The representative from Burkina Faso argued for the differences in trade flows among nations to be due to: technological differences, tastes, trade strategies (protectionist versus liberal),

differences in the factors of production, and scale economies. Even though tariff barriers have decreased in all sectors (although they remain higher for textiles, agricultural, and some manufacture products), they have been replaced by non-tariff barriers. The latter, in the form of sanitary and phytosanitary (SPS) measures and technical regulations are currently limiting trade. In spite of years of special and preferential treatment and of their enormous potential, the least developed countries (LDCs) have not managed to increase their share in international trade.

- UNCTAD calls for a balanced development strategy that should be based on two elements: employment and development of productive capacities. Increasing productivity and employment requires a twin strategy of investing in dynamically growing sectors (in attempt to leapfrog) while at the same time building capacity in sectors where the majority of labour is employed.
- The representative from ITC highlighted that, as a result of an analysis of 800 strategies and plans for 145 developing countries, the planning documents currently use only focus on primary products with limited potential for economic transformation. Most of the efforts are devoted to fixing capacity problems rather than developing them and taking into account the needs of the value chain actors. Furthermore, addressing capacity constraints requires action by all three actors: policymakers, institutions and enterprises.

F. Job creation and trade policies

Interventions by Mr. David Cheong, International Labour Organization (ILO)
Mr. Rolf Traeger, UNCTAD
Mr. Ralf Peters, UNCTAD
Ms. Esther Busser, International Trade Union Confederation
Mr. Frederick Muia, International Organization of Employers

Main takeaway points from the session (by Nicolas Depetris Chauvin)

- Job creation is high in the policy agenda with a record 202 million people unemployed across the world in 2013. We need to improve not only the quantity but also the quality of jobs.
- The interaction of trade policies with labour-market institutions is important in determining employment outcomes. The effects of trade on labour markets are dependent on the macroeconomic policy framework and complementary policies. The costs of adjustment to trade liberalization can be substantial for certain workers, firms, and Governments. Often export industries are capital intensive and do not create a lot of employment opportunities. We know of cases where import competition destroys jobs rather quickly. Net effects differs across countries.
- When opening the economy to trade, coordination among agencies is required. Careful analysis is required before implementing policy and the country needs to be ready (that is, have adequate infrastructure, right set of skills and labour laws).

- Analysis of LDCs shows that the naïve view that the dynamic efficiency gains would compensate for losses does not hold in practice. It was argued that there is a disconnect between social and economic policies and that we need to focus on growth strategies that lead to employment creation.
- Trade also has an effect on income inequality. In general it increases inequality as increase the skill premium, the return to capital, but not much workers' compensation.
- Unilateral trade liberalization in agriculture can have negative impact on employment but multilateral liberalization may have positive employment outcomes.
- The importance of the quality of jobs that are been created was highlighted. We have many workers who are poor. To have productive jobs we need to have industrial policy and this is very much restricted by the World Trade Organization (WTO). Overall liberalization may be the way to go but we need to discuss and evaluate the type of jobs this process is creating.
- The representative of the International Organization of Employers pointed out that a world without international trade would be a world with fewer jobs.

G. Trade, environment, climate change

Interventions by Mr. Robert Hamwey, UNCTAD
Mr. Lennart Kuntze, United Nations Environment Programme (UNEP)

Main takeaway points from the session (by Nicolas Depetris Chauvin):

- We face mounting environmental, social, economic and challenges:
    - Climate changes the major environmental threat that can exacerbate others (that is, desertification, biodiversity loss);
    - Increasing scarcities in natural resources – water, biodiversity, tropical forests, fish, cropland and many metals and minerals;
    - The release of harmful and persistent pollutants from mining, manufacturing, sewage, energy, transport and agriculture remains a problem for ecosystems and human health.
- Global challenges going forward:
    - World population is forecast to climb from 7 billion today to over 9 billion in 2050; nearly 8 billion will reside in countries that are today developing countries and only just over 1 billion in developed countries;
    - Economic growth is required to reach higher levels of world output to meet consumption needs of a growing population and create jobs and reduce poverty;

    - Simply scaling up current production methods and consumption patterns to support continued economic growth is not feasible because it would significantly deplete natural resource endowments, deteriorate natural ecosystems and accelerate global climate change.
- Approach: Sustainable development: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs". National policies needed to stimulate behavioural change in production and consumption patterns; protect the environment, lower carbon intensity of development and preserve ecosystems; promote technology development and innovation and diffusion; and support socially equitable outcomes that improve public welfare and gender equality while reducing poverty.
- UNEP defines a green economy as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.
- Why trade matters on this?
    - National product regulations/standards may be difficult/costly for foreign firms to meet (that is, developing country firms);
    - By changing the cost structure of production, national policies alter the relative competitiveness of national and foreign firms;
    - National environmental and social measures can be used as a guise for closing off national markets (green protectionism);
    - Greening of supply chains;
    - Ecolabels influence consumer demand.
- If we take environmental sustainability as a goal enabling actions on trade could: eliminate tariffs on environmental goods, reduce/eliminate fossil fuel subsidies, agree on forms of non-actionable government support for national sustainable production and consumption activities, ensure the use of least trade restrictive measures for meeting national and agreed global environmental objectives, and monitor, assess and remedy all forms of green protectionism.

H. Wrap-up debate: What has to be done so that official development assistance and Aid for Trade maximizes the development impact of trade?

Interventions by Mr. Ratnakar Adhikari, Enhanced Integrated Framework (EIF) Secretariat
Ms. Petra Lantz, UNDP
Ms. Amelia Santos-Paulino, UNCTAD
Ms. Judith Blank, German Society for International Cooperation (GIZ)
Mr. Oscar Ekéus, Permanent Mission of Sweden in Geneva

Main takeaway points from the session (by Amelia Santos Paulino):

- The impact of foreign aid is one of the most contentious issues in development research and policy. In any case, aid remains an important source of development finance, and development partners should reaffirm and set clear timelines for achieving its official development assistance (ODA) targets, especially for countries with special needs.
- The discussions on aid effectiveness have been historically superficial. The principles governing aid, agreed in the Paris declaration and the follow up in Accra and Busan, Republic of Korea, are now established as a benchmark for effective recipient–donor relations, and put forward a bureaucratic solution to a problem that is largely political. These principles provide a common agenda for both global and country level dialogue on aid effectiveness and have inspired attempts to localize global commitments through country-based action plans. It has also made possible performance tracking, benchmarking and standard setting among donors and recipient countries.
- So, what can be done to overcome such hurdles? Action plans should be developed around each of the core obstacles that prevent aid from being more effective and truly embodied in recipient-donor relations. These include high-quality leadership, risk management, inter-agency trust, scaling up, transparency and a more prominent role for stakeholders. But, for this to be realized, capacity assessment at the country level is needed.
- Another issue concerning the effectiveness of aid which has received significant attention and consensus building is the need to reduce the unpredictability of aid flows, to deal with the fragmentation of flows among sources and destinations, and to transfer ownership of aid programmes to recipient countries. These have been long-standing UNCTAD demands.[1] Addressing this gap in the aid architecture needs to become a priority for the international community.
- The developmental role of trade, and the resources needed to realize that role are the centre piece on any discussion regarding aid effectiveness. Thus, this requires focusing both in the quantity and quality of aid.
- Aid for Trade assistance is mostly disbursed to productive capacity-building projects and trade-related infrastructure, which is a valid focus given the welfare gains derived from lowering the costs of trade. However, the support for trade policies and regulation is marginal and for adjustments linked to liberalization commitments is also limited or non-existent. This is an area where UNCTAD has been trying to contribute through various projects on trade mainstreaming

[1] UNCTAD (2011) Report of the Secretary General of UNCTAD to UNCTAD XIII, Development Led Globalization: Towards Sustainable and Inclusive Development Paths, New York and Geneva.

and policy coordination (for example, the Division on Africa, Least Developed Countries and Special Programmes project on trade mainstreaming into national development strategies to achieve poverty reduction, funded by the United Nations Development Account regular budget).

- Despite the expected supplementary resources from aid for trade, the facility combines and repackages already existing trade-related aid flows. Thus, this has implications for the future of the scheme and for the prospects and developmental impact of aid in general. The objectives of the aid for trade will be more easily reached if the framework gains an appropriate scale, including genuinely new funding in excess of current aid commitments, and is accompanied by appropriate trade and industrial policies and the national level.
- Resituating the aid for trade discussion: The development effectiveness of Aid for Trade is being undermined by its dual location between the aid regime and the multilateral trade agenda. Thus, it is important to insist that Aid for Trade is a trade as well as a development finance issue. The framework should continue providing resources to developing and least developed countries to expand their export and productive sectors through better infrastructure and policy frameworks, and thereby contribute to structural transformation, poverty reduction and the beneficial integration into the global economy.
- But reforms are also needed concerning aid governance. That is, development – and development cooperation – needs to happen through inclusive partnerships at the global and country levels. Inclusive global accountability mechanisms are needed to support strong, country-led partnerships.
- Efforts should aim at establishing long-term coherence between trade policy, financial policy and development: Transforming technical assistance into capacity-building; making aid disbursements more predictable; increasing flexibility to respond rapidly to shocks; reducing policy and procedural conditionality; increasing concessionality; and reducing fragmentation.

Annex I Country cases

Annex I.A Paper on Bhutan

Mr. Dorji Dhradhul

Director, DAMC, MoAF

and

Mr. Pema Thinley

Trade Officer, DoT, MoEA,

Royal Government of Bhutan

1. Introduction

The Kingdom of Bhutan is a landlocked State in South Asia measuring about 38,394 square kilometres situated in the eastern end of the Himalayas and bordered to the south, east and west by India and to the north by China. With a population of just over 700,000, Bhutan is one of the world's youngest democracies with the adoption of the first constitution and the first nation-wide parliamentary elections in 2008 which are some of the milestones reached by Bhutan in its endeavours towards representative democracy and equitable distribution of development gains.

1.1 Development philosophy

The country's unique concept of Gross National Happiness (GNH) promotes a balanced approach to development encompassing good governance, environmental conservation, cultural preservation and community vitality, in addition to traditional socioeconomic indicators with a strong equity focus. GNH has already gained global recognition as evidenced by the inclusion of happiness as one of the MDG.

1.2 Development context

Bhutan is still dominantly an agrarian country with three quarters of the population living in the rural areas, the majority of them engaged in farming which is supported by the integrated use of agricultural, livestock and forest resources. Guided by the GNH development paradigm, prudent economic management and political stability have brought about a significant rise in living standards and improvements in human development outcomes. Bhutan continues to enjoy robust economic growth, with a real gross domestic product (GDP) growth rate of 11.8 per cent and an average inflation rate of 4.6 per cent in 2010. A gradual shift in the economic structure from a traditional and agriculture-based economy to a more vibrant secondary and tertiary-based economy – with hydropower, construction, tourism, transport and communication as key drivers – can be observed.

1.3 Key development challenges

Unemployment: Achieving full employment will remain a challenge under the eleventh Five Yearly Plan (FYP). Youth unemployment is almost three times higher among young people than the average of all age groups. Female unemployment is higher than for males, especially in the young age categories of 20–24 and 25–29.

Urbanization: Rapid urbanization has been identified as one of the major emerging challenges in Bhutan with over 31 per cent of the total population now living in urban areas. It is estimated that by 2020, the urbanization level will be between 50 per cent and 73 per cent and that there will be an additional urban population of between 180,000 and 360,000.

Quality of education: Although a number of initiatives have been taken during the tenth FYP and the quality of education has improved over the years, it remains a critical challenge, especially in rural areas.

Gender equality and women's empowerment: Women and girls continue to lag behind in a number of areas: participation in politics and decision-making, in the economy – in particular labour force participation, unemployment and underemployment – literacy rates, participation in tertiary education and are more vulnerable to gender based violence. Rural women are often seen as even more vulnerable.

Adolescent sexual and reproductive health: Young people are particularly vulnerable to reproductive health issues especially given the high rates of early child-bearing in Bhutan. Sexually transmitted infections and HIV rates are disproportionately high among young people due in part to changing social norms and the lack of youth-friendly health services.

The endemic threat of natural disasters and vulnerability to climate change has taken on added significance in recent years given the increase frequency of natural disasters. This has had a significant impact on economic development – in particular the hydro power sector that is disproportionately impacted by water scarcity and unpredictability – on health with the emergence of new patterns of vector-borne diseases and the agriculture sector due to changing crop patterns.

One of the greatest challenges facing Bhutan at present is to reduce spatial disparities that exist between rural and urban areas and between regions, *dzongkhags* (districts) and "geogs" (blocks). This is not only true with regard to poverty but also with regard to the achievement of most MDGs and human development indicators.

1.4 Millennium Development Goals

Bhutan has made sustained progress towards meeting most of its long-term goals defined in Vision 2020 as well as the MDGs. A number of targets have already been realized, such as these related to underweight children and girls to boys ratio in basic education. Nevertheless, there are a number of areas that require attention such as food poverty, gender parity in tertiary education and representation of women in parliament as well as in wage employment (non-agriculture), the rising trend of HIV case detection, and the use of improved sanitation facilities.

However, some MDGs are off track. These include the maternal, under-five and infant mortality rates, malnutrition among under-five children; quality of education and numbers of children not in schooling; limited access to emergency obstetric care and poor knowledge and practices in child survival and reproductive health, water and sanitation.

2. Economy and trade

2.1 Trade flows

Bhutan has moved from a virtually closed economy in 1960s to an economy characterized by a fair degree of openness that is still concentrated on exports and imports on a limited market with neighbouring countries, especially India.

By far the main export item from Bhutan is hydropower energy, which in 2009 accounted for 42 per cent of total exports. Agricultural products represented 4.7 per cent, and manufactures only 3.4 per cent. Other relevant exports are related to mineral industries (for example, cement). Within the top selected commodities exported, potatoes, oranges and apples are identified as the main cash crop exports. In 2009 they ranked tenth, eleventh, and twenty-third, and they accounted for 1.7 per cent, 1.6 per cent and 0.4 per cent of total exports, respectively. The main destinations of Bhutan's exports in 2009 were India (93.5 per cent); Bangladesh (3.16 per cent); Hong Kong, China (2.82 per cent) and Nepal (0.35 per cent).

Petroleum oil was the major imported item in 2009, accounting for 11.8 per cent of the total. Manufactures represented 32.6 per cent of imports and agricultural products 12.8 per cent. Rice is among the major imported items ranking third among imports in 2009 valued at 2.8 per cent of total imports. Bhutan's main supplier is India, accounting in 2009 for 77.8 per cent of total imports. Other important suppliers in 2009 were Singapore (2.9 per cent), Japan (2.2 per cent), China (1.9 per cent), the Republic of Korea (1.5 per cent) and Malaysia (1.5 per cent).

Trade has increased significantly since 2001. The Diagnostic Trade Integration Study (2012) estimates export to average 38.2 per cent of the GDP over the last five years and imports average 52.6 per cent over the same period. This means that trade plays a major role and has accounted for an average of 90.8 per cent of the GDP over the last five years.

While Bhutan's trade deficit significantly increased in 2010, the overall balance of payments has remained positive due to the significant external inflows on account of grants and loans. India remains by far the biggest trade partner of Bhutan; in 2010, the trade deficit with India represented one third of the overall deficit.

Available projections foresee that Bhutan will continue to enjoy robust economic growth over the eleventh FYP period. Despite steady economic growth, strong performance against macro-economic indicators, and the bright prospects for the country based on anticipated returns from its hydropower investments, numerous development challenges remain to be addressed. Moreover, the country remains constrained by a high degree of economic vulnerability due to external factors beyond its immediate control.

2.2 Trade agreements

Bhutan has actively promoted trade through various bilateral, regional and multilateral trading frameworks.

Bilateral trade agreements

At the bilateral level, Bhutan enjoys a free-trade agreement with India and preferential trade with Bangladesh. Initiatives are under way to establish bilateral trade agreements with Nepal and Thailand, with whom Bhutan has direct air links.

India has always been Bhutan's largest trading partner, accounting on average for over 90 per cent of the total value of Bhutan's exports and over 80 per cent of imports from 2000 to 2009. This trade pattern can be attributed to India's geographical proximity and the extensive bilateral cooperation in hydropower development. This has boosted energy exports from Bhutan to India and also sustained the high import levels of energy-related equipment from India to Bhutan. It has been facilitated by a bilateral free-trade agreement, as well as the use of the Indian rupee in trade and the fixed exchange rate between the two national currencies.

Regional trade agreements

At the regional level, Bhutan is a member of two subregional groupings: the South Asian Association for Regional Cooperation (SAARC), with Afghanistan, Bangladesh, India, the Maldives, Nepal, Pakistan and Sri Lanka, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), with Bangladesh, India, Myanmar, Nepal, Sri Lanka and Thailand.

Bhutan is a founding member of SAARC and has negotiated three trade agreements under its umbrella: the Agreement on SAARC Preferential Trading Arrangement, the Agreement on South Asian Free Trade Area (SAFTA), and the SAARC Agreement on Trade in Services (SATIS).

Multilateral trade agreements

At the multilateral level, Bhutan is still negotiating on its accession to the WTO. Bhutan submitted its application on 6 October 1999, which was accepted by the WTO General Council. The Memorandum of Foreign Trade Regime was formally submitted to WTO in February 2003. Bilateral market access negotiations are ongoing on the basis of revised offers in goods and services. The multilateral examination of the foreign trade regime is proceeding on the basis of a draft working party report circulated in December 2007.

2.3 Key challenges in trade

Limited export competitiveness and diversification

Given the vulnerabilities that arise from a non-diversified export base and market, a major challenge for Bhutan is to expand its non-hydro exports and diversify its export markets.

Bhutan is currently promoting agricultural diversification through contact farming, public–private partnership, and cooperatives in which Bhutan has, within South Asia, some comparative advantage. Bhutan is also strategically positioning itself in a number of organic high-value niche exports. Bhutan is particularly keen to promote trade in knowledge-based and cultural industry goods and services as a long-term strategy to diversify and broaden its economic and export base and to generate quality employment.

Supply side bottlenecks

The Diagnostic Trade Integration Study highlights various supply-side logistical and technical barriers to trade development and diversification. Some key supply-side constraints to export diversification and competitiveness in agriculture are inherently related to climatic and soil differences, including limited availability of arable land, rough terrain and poor soil quality. Others are related to infrastructural or institutional deficiencies, particularly with respect to inadequate rural facilities, low productivity of crops, the low adoption level of modern technologies, insufficient support services, limited access to finance and poor farmer linkages. More generally, the weak transport and communication infrastructure is a critical constraint to export diversification.

Low level of technological base

A major constraint and challenge is the low level of the technological base.

2.4 Mainstreaming trade in the development strategies

United Nations Development Assistance Framework

Bhutan in 2008 voluntarily adopted the "Delivering as One" approach through the United Nations Development Assistance Framework (UNDAF) as the key instrument for enhancing United Nations coherence at the country level. The current UNDAF was fully aligned with the tenth FYP which was extended by one year to bring it in line with the planning cycle for the eleventh FYP. The new One Plan is fully aligned with the 16 national key result areas of the eleventh FYP and is structured around the four pillars of GNH.

UNDAF promotes the mainstreaming of all programmes by ensuring continued focused, coordinated and effective support for national development goals, the MDGs and the post-2015 agenda. This approached has definitely helped in mainstreaming the trade in the country's development programme. The process of One Plan formulation has been mainstreamed by being inclusive, participatory and evidence based.

Resident United Nations organizations in Bhutan participating in the One Plan 2014–2018 are: FAO, UNDP, the United Nations Population Fund, the United Nations Children's Fund, the World Food Programme and the World Health Organization.

Non-resident agencies, funds and programmes include the Joint United Nations Programme on HIV/AIDS, the United Nations Capital Development Fund, UNCTAD, UNEP, the United Nations Educational, Scientific and Cultural Organization, the United Nations Human Settlements Programme, the United Nations Industrial Development Organization (UNIDO), the United Nations Office on Drugs and Crime, the United Nations Office for Project Services, the United Nations Volunteers, the United Nations Entity for Gender Equality and the Empowerment of Women and the International Fund for Agricultural Development.

Enhanced Integrated Framework

The EIF recommends enhancing the production of selected commodities such as citrus, apples, potato, cardamom, lemon grass, medicinal herbs, mushroom and red rice.

Contact and commercial farming

Contract and commercial farming will be pursued both at the national and international level. Contract farming at the national level will be encouraged through groups and cooperatives to produce and supply to local institutions like the schools, monastic bodies and monasteries. At the commercial level, while local investors are encouraged through public–people partnership, we will call for expression of interest and encourage international investors through foreign direct investment as markets would then be assured by the investors.

Infrastructure development

Infrastructure, be it road, bulking or processing facilities, transportation or storage, is relatively still underdeveloped and needs government intervention to improve the facilities. The Department of

Agricultural Marketing and Cooperatives will continue to develop the facilities to promote the trade in agriculture goods both for domestic and foreign markets.

During the current plan, the department will build storage facilities and market outlets at the district level. Infrastructure will also be developed for upstream bulking of agricultural products and export processing zones and auction yards will be built to facilitate domestic markets and the export of agricultural products.

Acts and policies

Acts and policies are being put in place to enhance coordination and linkages to support synergy and development of the domestic and international trade regime. The following are a few examples of such acts and policies in agriculture sector:

- Forest Act 1969;
- The Livestock Act of Bhutan, 2000;
- The Seed Act of Bhutan, 2000;
- The Food Act of Bhutan, 2005;
- Cooperative (Amendment) Act 2009 of Bhutan;
- RNR Marketing Policy and Strategy (draft).

3. Recommendations

3.1 Addressing supply-side obstacles and enhancing export competitiveness

Critical supply-side constraints hinder Bhutan's export competitiveness. The ability to benefit for market access will be contingent on overcoming these key supply-side obstacles. From a policy perspective, this calls for the mobilization of internal resources involving transfer of resources within the economy, across sectors.

In terms of domestic resource mobilization, a key issue is sustained growth in other sectors of the economy (hydropower) and transfer of resources within the economy, across sectors. Special credit lines to agriculture through public programmes or State banks would also contribute to channel funds to the sector. Public investment would need to be targeted carefully, favouring productive investment in strategic physical infrastructures, quality assurance and traceability systems (including organic labels), and suited innovation (research and development) and extension systems supportive of ecological agriculture.

3.2 Building up market access and market entry requirements

A number of high-value niche products can be targeted as source of livelihood for rural people, and as export commodities: for example, handmade textile and other handicraft manufactures, as well as forest-based products, such as mushrooms, medicinal plants, and plants for the extraction of essential oils and special crops.

Besides market access barriers – tariffs and non-tariff barriers – Bhutan will most likely face a number of actual market entry barriers that stem from the structural characteristics of supply chains and markets. These impediments include important structural (for example, sunk costs and economies of scale) and behavioural barriers, such as access to distribution channels and the abuse of market power by incumbent firms, which severely hinder a new competitor's ability to enter new export markets. Critical to overcome these barriers are policy options and models for integrating Bhutanese small agricultural producers in supply chains in a sustainable manner. By linking small producers to a guaranteed buyer who will also supply inputs, know-how, equipment and finance, these schemes can help Bhutanese farmers integrate into global supply chains and reach global markets. Given its distinctive development strategy (the GNH paradigm), Bhutan may particularly wish to link with fair-trade schemes and organic labels and geographical indication and product differentiation strategies based on intellectual property.

3.3 Retaining policy space to strengthen linkages in trade policy

It is important to support the creation of clusters and linkages between sectors and industries within the economy. For example, it is worth exploring how to link local agroprocessing industries with tourist outlets. Bhutan may wish to retain the policy space needed to operationalize these linkages, including by means of local content requirements. This would include, for example, the provision of structured incentives to hotels and other tourist outlets to source certain goods and services locally. These types of measures would be commercially sound under certain conditions. Most notably, local suppliers may need to upgrade, in order to meet the stringent food safety and quality requirements imposed by hotels and other tourist outlets.

3.4 Agricultural and other enterprise diversification

Bhutan is currently promoting agricultural diversification through contact farming, public–private partnership, and cooperatives in which Bhutan has, within South Asia, some comparative advantage. Bhutan is also strategically positioning itself in a number of organic high-value niche exports. Bhutan is particularly keen to promote trade in knowledge-based and cultural industry goods and services as a long-term strategy to diversify and broaden its economic and export base and to generate quality employment.

3.5 Continue capacity-building for non-trade sector and personnel

There remains a huge gap in capacity of the non-trade sector on trade related subjects. So continued and enhanced capacity-building programmes should be established by UNCTAD and WTO and other related regional and national institutions.

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Annex I.B Paper on Lebanon

Ms. Soumaya Caroline Bitar

and

Ms. Rayane Dandache

Representatives from the Ministry of Economy and Trade,

Lebanon

Lebanon's experience of integrating the trade dimension into its national strategy as well as in bilateral and multilateral assistance plans

Lebanon is a relatively small country with a diverse population of about 4.3 million inhabitants and is considered to be an upper middle income country by the World Bank. It is extensively recognized for its strategic geographical position in the Middle East and North Africa region and at the global level. At the regional level, it has a leading role as a meeting point for the Arab world and Europe while it's widely dispersed and abundant diaspora of approximately 16 million have played an important role in developing strong business relationships around the world. Its economy has traditionally followed a laissez-faire model that is mainly service orientated, whereby major growth sectors include banking, tourism and to a lesser extent manufacturing and agriculture. Wholesale and retail trade, however, constitutes 15 per cent of Lebanon's total GDP, also making it an important source of growth for the economy.

Lebanon's main policy guidelines and priorities, as highlighted through the "Paris II", "Paris III" and most recently, Economic and Social Reform Action Plan programmes, have been to encourage and enhance private sector investments in order to create high value added jobs in the "real economy". As each ministry submits its sector strategy and priorities to the Lebanese Council of Ministers for approval, the resulting government package of reforms within the agreed frameworks has generally aimed at:

- Improving the investment climate;
- Supporting private-led growth;
- Expanding exports;
- Rehabilitating infrastructure – access to electricity, transportation, water supply and sanitation, and information technology and telecommunications;
- Furthering human development – access to education, health care and social protection;
- Improve governance;
- Strengthen the nation's statistical capabilities.

The implementation of these reform packages takes place at the level of the ministry in coordination with the presidency of the Council of Ministers. Individual project proposals are submitted to the Council of Ministers by each ministry – either unilaterally or jointly with the relevant stakeholders (such as the European Union, United Nations agencies, the United States Agency for International Development, the World Bank, and the like) – and the Council then takes the appropriate decision.

According to UNCTAD, Goal 8 of the MDGs – "Develop a global partnership for development" – accounts for the economic dimension at the international level and hence, is the goal that integrates the concepts of trade and productive capacity into the development framework. As such, two market access indicators were developed by UNCTAD to reflect the two targets that were specifically designed to deal with trade:

- **Target 1**, which calls for the "further development of an open, rule-based, predictable, non-discriminatory trading and financial system";
- **Target 2**, requesting the international community to "address the specific needs of LDCs".

In light of these two market access indicator targets, the Lebanese Government has been actively seeking to integrate trade and productive capacity into its development agenda.

First, it has devised and implemented economic strategies throughout the years that aim to encourage the development of an open trading and financial system in compliance with international and regional trade agreements. Such agreements include:

- Association Agreement with Europe, including the European Neighbourhood Policy;
- European Free Trade Association (EFTA);
- Greater Arab Free Trade Area (GAFTA);
- Bilateral Framework Agreements.

In addition, efforts to join agreements at the regional level, such as the Agadir Agreement, and multilateral mechanisms, such as the accession to the WTO, continue to be a work in progress.

Such agreements expanded Lebanon's open economy by (a) liberalizing trade even further, (b) upgrading export requirements so that they conform to regional and international standards and norms, and (c) creating a mechanism that efficiently contributes to economic development through the allocation of technical and financial assistance, through the following measures:

- The reduction tariff and non-tariff barriers to trade;
- The further development of international growth strategies over the years at the domestic level.

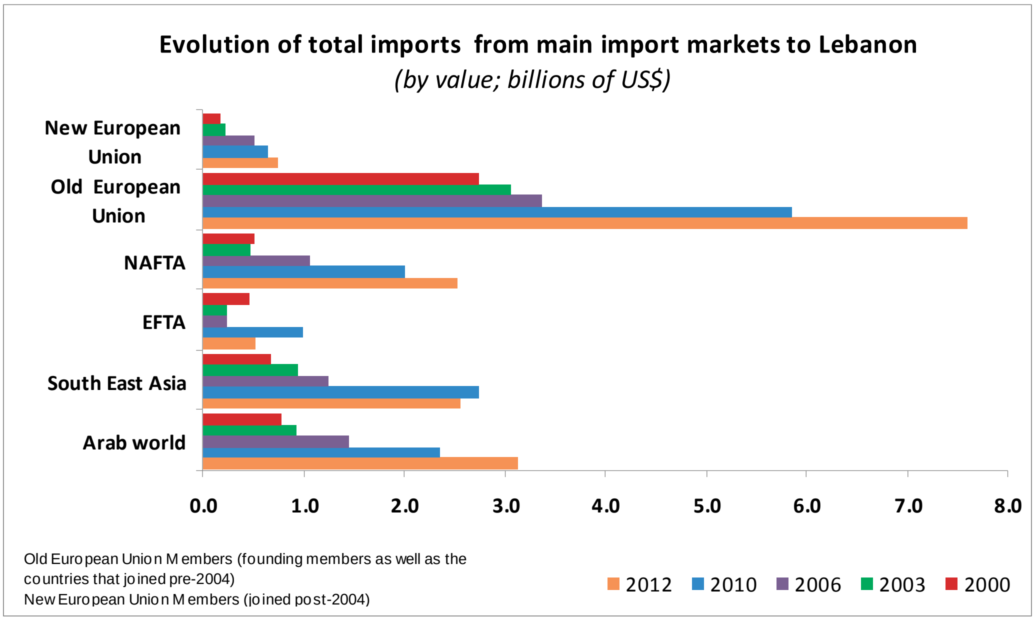
1. Reducing tariff and non-tariff barriers

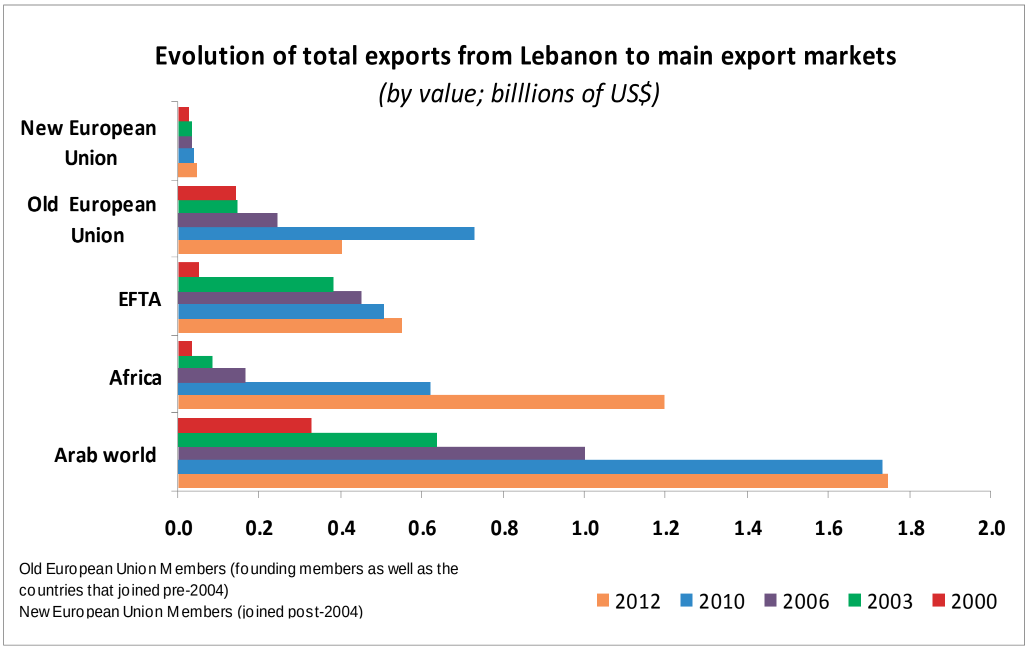
1.1 Tariff barriers

As a result of domestic policies and trade agreements, significant steps have been made at reducing tariffs.

- Today, more than 83 per cent of imported goods are subject to duties equal to or below 5 per cent due to a domestic policy to reduce tariffs in the year 2000;
- The Interim Agreement that was initiated under the Association Agreement with Europe encouraged the tariff dismantlement on European Union exports into Lebanon with a five year grace period;
- Among the objectives of the EFTA is that all customs duties on trade in industrial goods and fish and other marine products will be reduced by March 2015;
- GAFTA has encouraged its members to reduce inter-customs fees on Arab products to zero per cent since 1 January 2005.

Furthermore, the graphs below clearly portray the expansion in imports from and exports to the major markets Lebanon trades with, especially since the relevant trade agreements were agreed upon.





- Bilateral trade between the European Union and Lebanon has been increasing steadily over the past years, with an average annual growth of 13.6 per cent since 2008.
- The Arab world saw imports more than triple while exports saw an increase of almost threefold since the signing of the GAFTA in 2005.

1.2 Non-tariff barriers

Steps have been taken to reduce non-tariff barriers:

- NAJM Customs Reform Project to help facilitate trade, enhance control and align procedures with international standards. This was achieved through the adoption of International Harmonized System tariff, the UNCTAD Automated System for Customs Data (ASYCUDA) for Lebanese customs, a declaration form based on the single administrative document, Simplified Clearance Procedure, tax identification number, post clearance audit, and the like.
- Quality standards and regulations to help improve quality standards and regulations so that they are in compliance with international standards and norms. This was achieved through the development of a standards, compliance and production database at the Lebanese Standards Institution and the Industrial Research Institute.

2. Encourage the development of international growth strategies

Encourage the development of international growth strategies by improving the business environment and supporting private-led growth and promoting and diversifying exports. Projects include:

- "One Stop Shop" initiative initiated by the Investment Development Authority in Lebanon and set to be carried out by the Customs Administration. It aims to:
  - Facilitate and accelerate investments by short-circuiting and bypassing lengthy bureaucratic and administrative procedures and providing investors with a single point of contact for all dealings with the Lebanese Government;
  - Guide investors through a step-by-step procedure to successfully develop and implement their projects in Lebanon;
  - Support investors in the post-implementation phase, through a wide range of aftercare services to ensure successful operations of the project.
- "Improving the Business Environment in Lebanon" initiative, carried out by the Initiative's working group which includes representatives from World Bank, IFC and the Presidency Council of Ministers. This focuses on improving many components, including:
  - Starting/closing a business;
  - Getting credit/secured lending.
- "National SME Strategy Development" project carried out by the Ministry of Economy and Trade. It aims to build the competitiveness of the small and medium-sized enterprise (SME) sector and ensure a strong public–private commitment for that purpose by:
  - Stimulate the "entrepreneurial mindset" of the Lebanese so that they are channelled towards more innovative driven activities;
  - Improve access to finance;

    - Build the skills and capacities of human capital;
    - Enhance and promote technology and innovation;
    - Boost the support provided to institutions and programmes;
    - Develop access to markets;
    - Encourage public–private dialogue and coordination between all entities.
- "Export Promotion Services" carried out by the Investment Development Authority in Lebanon. As per its mandate, IDAL is responsible for assisting in the promotion and marketing of Lebanese products, in particular, agricultural products and materials used in the agro-industry in Lebanon, as well as Lebanese agro-industrial and information and communications technology (ICT) products. Subsequently, its export promotion services are based upon:
    - Providing data on export markets and potential export opportunities;
    - Supporting companies in accessing external markets;
    - Providing technical assistance to exporters in selected fields;
    - Subsidizing participation in foreign fairs.

  Projects such as the Agri-Plus Programme and Agro-Map, and in ICT, were put in place by IDAL to provide support to the three sectors.

- "Reinforcement of the Lebanese Private Sector Competitiveness – Quality Component: Strengthening of Quality Management, Capabilities, and Infrastructure in Lebanon", carried out by the Quality Department at Ministry of Economy and Trade. It aims to:
    - Build and improve the quality infrastructure in Lebanon by improving specifications in compliance with international standards and norms so that Lebanese products are more competitive on international markets;
    - Specifications include those at the level of metrology, standards, testing, quality management as well as the certification and accreditation needed for conformity assessment of products and services in the voluntary and regulated areas. It includes both public and private sector institutions and the regulatory framework within which they operate.
- "Agriculture and Rural Development Programme", carried out by Ministry of Agriculture, the European Union, and the Council for Development and Reconstruction. It aims to support the Ministry of Agriculture in the implementation of its reform policies to enhance the overall performance of the agriculture sector in order to achieve sustainable food security and improve the livelihoods of rural and farming communities by:
    - Strengthening the capacity of national institutions to work on a coherent agricultural/rural development vision and to better implement agriculture strategic orientations;
    - Supporting and empowering local rural actors (farmers and cooperatives) by increasing access to credit and to infrastructure.

Second, Lebanon has applied the UNDAF framework for the year 2010–2014. As such, the United Nations country team is strategically aligned with key national actors in Government and civil society to influence national priorities and support United Nations actions. Based on national policy and planning documents and the identified United Nations Country Team comparative advantages, the United Nations Country Team selected the following five UNDAF outcomes:

(a) Democratic governance and institutional development;

(b) Socioeconomic development and regional disparities reduction;

(c) Environmental sustainability;

(d) Human rights;

(e) Gender.

Despite such programmes and initiatives, some challenges still prevent the process of growth in trade from achieving its full potential:

2.1 Procedural problems

Many laws are still awaiting ratification in parliament and hence, delays are faced when implementing new strategies and agreements.

2.2 Family businesses

In Lebanon, family businesses constitute 85 per cent of the private sector. The nature of the private sector in Lebanon presents a challenge in that it is reluctant to change. Family businesses in Lebanon do not always think of growing their businesses at the international level and hence, do not focus on developing an export strategy. As such, it is important to educate SMEs of the benefits of venturing into equity financing and creating an enabling environment to encourage this. This can be done by:

(a) Developing the stock exchange and create differential listing requirements to encourage SMEs to list, or even create a parallel market for SMEs with less stringent requirements especially those related to financial disclosure;

(b) Promoting and accelerating the development of equity financing, venture capital and business plans by:
   - Developing co-investment schemes between the Government and venture capital funds;
   - Providing soft loans or long-term debt to VCs;
   - Offering tax incentives and exemptions such as capital gains tax for start-up funds at exit.

2.3 High production costs

Many sectors are often unable to match foreign competition due to:

(a) Higher production costs, related to high energy and labour costs;

(b) Lower access to credit;

(c) Higher bureaucratic costs either locally or internationally, which is related to the nature of the Lebanese business sector being dominated by SMEs. SMEs are reluctant to change due to their being less likely to take advantage of economies of scale. As such, they do not have the capacity to undergo costly administrative procedures or react quickly to regular and ad hoc European Union guidelines.

2.4 Standards and quality requirements

Despite efforts taken by the Government, the lack of accreditation and certification, the poor performance of local laboratories, and the high cost of upgrading production processes to meet international standards pose a major challenge to industrial exports, especially the agro-industry.

2.5 Limited data collection and management methods

There is a need to develop data collection and management methods at all levels of the economy. This can be done by:

- Providing assistance to public-sector institutions to computerize and streamline data;
- Supporting the implementation of the National Statistical Master plan;
- Providing technical assistance to have the needed resources to collect and manage the required linkages to measure and assess policy recommendations;
- Developing specialized information centres.

Until now, Lebanon has received technical assistance from various entities with regards to many of these challenges. However, more is needed to train, equip and develop the capacities of the institutions dealing with trade and productive capacity so that they are able to perform activities and responsibilities in line with international guidelines and standards.

Based on a trade needs assessment carried out by the Ministry of Economy and Trade (MoET), a list of major needs to improve the trade dimension in Lebanon's development framework have been identified, and are as follows:

	Trade Needs	**Expected outcome**
1	Supply chain studies and policy reform /food traceability	Improved traceability system, supply chains and trade facilitation of agriculture exports
2	Technical assistance to train stakeholders on the negotiations of the Agriculture Euro Med Rabat Road Map	Higher capacity in trade negotiations and impact analysis
3	Harmonization of rules of origin with the European Union	Improved trade analysis and capacity of negotiation
4	Institutionalize "Registration-as-Licensing" rule to minimize waiting time for licenses after company is officially registered	Improved investment, business , and trade environment
5	Trade Liberalization Impact Assessment	Technical capacity and awareness are enhanced among stakeholders

6	Study service sector liberalization and benefits/costs of liberalization on the various service sectors	Improved institutional capacity trade and competitiveness
7	Parliamentary Legislative Support	Legislative trade environment improved

This list is solely based on the needs of MoET. However, it is also important to consult other institutions such as Customs, Ministry of Transport and Ministry of Finance to get an overall perspective of the required needs.

Annex I.C Paper on Nepal

Mr. Dhiraj Karki

DKcompany,

Nepal

Integrating trade in Nepal's development strategies

Abstract

An isolated country for much of its history, Nepal underwent tremendous political and economic changes in the past decade. Acknowledging the role of trade in development, Nepal entered a truly multilateral framework with its accession into the World Trade Organization in 2004. Since then, the country has signed several bilateral and regional trade agreements in order to integrate its trade sector into the global mainstream. Strengthening its commitments towards liberalized economy, several policies have also been reformed. In 2010, the Government of Nepal approved a new strategic document, the Nepal Trade Integration Strategy (NTIS). The purpose of the document is to identify sectors with potential comparative advantage so as to revitalize its dwindling exports. However, fact remains that Nepal is still an impoverished nation with an ever-widening trade deficit. Several internal limitations and bottlenecks that are holding the country back from taking advantage of the multilateral framework and other agreements still remain. The present challenge for Nepal, thus, is to address these issues and effectively implement the NTIS by developing effective collaborative mechanism involving the Government, the private sector and international partners.

1. Background

Nepal, a landlocked South Asian country perched between China and India, has historically been isolated from the global economy. This isolation can be attributed to various factors including geographical dependency with its neighbours, centralized economic policies of the past regimes, rough terrain, poor infrastructure and lack of adequate resources, both natural and human.

A largely traditional, agrarian society, Nepal took first steps towards economic reform measures in mid-eighties in cooperation with the International Monetary Fund (IMF) and the World Bank. However, it was only after the advent of democracy following 1990's democratic movement that Nepal opened up to the world of free trade and commerce. In 1992, the newly elected representative Government introduced a liberalized economic policy that ushered in a new era; establishing several reformative regulations, privatizing several public enterprises and recognizing the private sector as the engine of national development.

The move had started to show instant results as the economic growth rate jumped to as high as 8.22 per cent in 1994.[2] Unfortunately, this optimism was short lived as the country soon plunged into a bloody decade long civil war; the aftermath of which is still being felt in the country. This period proved to be disastrous for the economy as the growth rate nosedived, reaching as low as 0.12 per cent in 2002.

Despite the political and economic turmoil, however, Nepal continued to make progress in its attempts towards mainstreaming the country's trade into global trading system. The most important milestone in this process came when Nepal obtained the membership of the WTO in 2004.

[2] (MoF, 2013).

Membership of the WTO was an important step in Nepal's commitment towards building a truly multilateral economic framework.

Today, Nepal is at another threshold of political transition, with second constituent assembly election held on 19th November 2013. Despite the collapse of the previous constituent assembly, there is newfound optimism that this new election will complete the long political transition since the end of the civil war, and will help institutionalize major issues such as democracy, secularism, federalism, ethnic and gender representation as well as an open market economy.

2. Present scenario

After the end of the conflict, despite the political impasse, Nepal has made some positive economic progress. In the past decade, Nepal has undertaken initiatives in establishing several bilateral, regional and multilateral trade agreements. Apart from being a member of WTO's multilateral framework, Nepal is a member of two regional trade agreements: SAFTA[3] and BIMSTEC).[4] Bilaterally, Nepal has trade agreement with its major trading partner, India as well as seventeen other countries.

To accommodate these changes, new policies in the area of trade, industries as well as service have been formulated and there are some growing trends, especially in service sectors. Considering that Nepal has largely been an agrarian society throughout history, it is remarkable how the country's service sector has grown in the past decade, when it overtook agriculture to be the highest contributing sector to the national GDP.

This growth in service sector can be attributed to growth in tourism as well as due to considerable inflow of remittance money from workers employed in foreign countries. Despite the growth in service, agriculture remains vital for Nepal as more than 73 per cent of the population is employed by this sector. Development of agriculture is thus crucial to Nepal's poverty alleviation and United Nations MDGs efforts as much of the rural livelihood depends on it. However, agriculture sector of Nepal still suffers from perennial problems of low productivity, small and subsistence farming, land use of primitive technology, low investment, lack of research and development, and poor input-output market structure. The industrial sector has shown unsatisfactory growth as well. Political instability, lack of infrastructure, weak law and politicized labour unions have all contributed to this sluggish nature of industrial growth.

Sector	GDP composition
Agriculture	35.3%
Industry	14.4%
Service	50.3%

Source: Economic Survey, MOF, GON.

When it comes to trade, the performance in the last decade has been dismal. Trade deficit has been ever widening and the country has been able to maintain its positive balance of payment only due to the influx of remittance money. This year alone exports grew minimally by 4.2 per cent while imports have continued to increase by double figures, 20.7 per cent[5]. Trade deficit grew by 23.5 per cent this

[3] The other members of SAFTA are Bangladesh, Bhutan, India, Maldives, Pakistan and Sri Lanka.
[4] The other members of BIMSTEC are Bangladesh, India, Myanmar, Sri Lanka, Thailand and Bhutan.
[5] TEPC, 2013.

year and now occupies a negative of 24.9 per cent of the total GDP. Import occupies 29 per cent of the total GDP while export occupies a mere 4 per cent of the total GDP. The import of petroleum products has alone overshadowed the entire export figure of Nepal.

All these data point out that Nepal hasn't been able to take full advantage of the opportunities available due to its bilateral, regional and multilateral trade membership, agreements as well as economic grants. Several internal bottlenecks, structural limitations and supply side constraints remain which have made satisfactory growth difficult to achieve.

3. Integrating trade in national development strategies

Trade is linked to all the dimensions that contribute to the social and economic development of a country, and to poverty reduction. Trade can become "an engine of development", however, its positive effect is maximized when certain pre-conditions are respected.

Trade is linked to many development dimensions

The understanding of the powerful role trade can play in a development process is nothing new. But the societies of the twenty-first century have become even more dependent on international trade. All nations of the world participate in the international trading system. International trade is indispensable to developing countries and LDCs because it can provide the sustained growth they need in order to develop. In addition to their direct income effects, international trade and production also have strong indirect effects.

International trade is related to cross-cutting development dimensions: Trade affects poverty directly and indirectly through multiple channels; The linkages between trade and employment are complex; International trade can contribute to women's equality and empowerment; international trade cannot work without investment, in particular foreign direct investment, and vice versa; A key to achieving sustained development and poverty reduction in the LDCs is to put the development of productive capacities at the heart of development policies.

But trade is also linked to sectoral dimensions of development present in MDGs: Trade influences agriculture, food security and environment through various channels; The services economy and trade in services have become important engines for growth and development in developing countries; Trade is a major channel for technological progress and innovation which are themselves crucial drivers of productivity gains, and therefore growth and development; Trade facilitation has a strong development dimension.

Source: *Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction*, UNCTAD.

Realizing the importance of trade in development, the Government of Nepal in recent years has developed several strategies specifically intended towards growth of the trade sector. In terms of institutional changes, the Government has created various institutional setups and mechanisms. To facilitate inflow of foreign investment, Nepal Investment Board was established. In order to carry out trade related promotional efforts, Trade and Export Promotion Center (TEPC) was put in place. Similarly, the Board of Trade and Industrial Promotion Board were established to promote trade and industry respectively. Establishment of inland clearance depots (dry ports) in four major customs points of the country has been carried out. Also initiatives have been put forth with an intention of efficient import and export through integrated checkpoints in major customs.

The past few years also saw a major shift in government policies regarding trade. In 2009, the Government developed a new trade policy, highly focused on export sector. The policy, consistent with WTO principles of liberal, open and transparent economic system, emphasizes on export focused private sector development. The objective of this new policy is to integrate and increase contribution of trade to the national economy in order to accelerate growth, provide domestic employment and reduce poverty. The policy also recognized trade in services as well as intellectual property as potential trade sectors of Nepal.

The next major milestone in this effort to integrate trade in the national economy came when the Government, led by Ministry of Commerce and Supplies, launched a strategic document called Nepal

Trade Integration Strategy in 2010 (NTIS 2010). Developed with the financial and technical assistance from several donor organizations[6], the NTIS 2010 is the main trade strategy of the Government of Nepal. Within the NTIS, the Government established a National Implementation Arrangement (NIA) for the purpose of implementing the EIF and related activities at the national level in order to take full benefits of Trade-Related Technical Assistance (TRTA) and Aid for Trade.

The NTIS 2010 broadly lays out the following four objectives[7]:

(a) Enhance market access by strengthening trade negotiations;

(b) Enhance overall supply capacity by strengthening the technical capacity of domestic non-tariff barrier and other business environment supportive institutions;

(c) Enhance supply capacity of priority export sectors by strengthening capacity of 'inclusive' export potential goods and services;

(d) Efficiently and effectively mobilize resources by and strengthening the Government of Nepal's capacity to coordinate and manage TRTA and Aid for Trade.

To fulfil these objectives, the NTIS 2010 identified nineteen high potential goods and services that Nepal has comparative advantage on and could gain competitive edge to excel in the export market. Out of the nineteen priority sectors, seven are agro-based products, five are craft and industry based goods while seven are services. In addition, five more sectors have been identified as "high-potential sectors".[8]

4. Implementing the Nepal Trade Integration Strategy

The implementation phase of the NTIS began with full force right after the strategic document was released. In order to effectively execute the EIF and to fully realize the capacity-building opportunities provided by the framework, the Government has established a strong institutional structure, integrating EIF focal points with government institutions and ministries. Not only this, adhering to NTIS guiding principle of involving all stakeholders in its implementation, strong public-private partnership and effective donors collaboration has also been recognized and put in place.

To align the country's national trade strategy with the EIF multi-structural format and implement the NTIS, the Ministry of Commerce and Supplies started the Nepal Enhanced Capacities for Trade and Development (NECTRADE) project. The NECTRADE project has been in operation since 2010 as a tier 1 project of EIF Nepal under the Ministry of Commerce and Supplies. The objective of the project is to facilitate trade mainstreaming, trade promotion, TRTA management and awareness-raising on trade issues, coordinate Aid for Trade and enhance supply-side capacity through the EIF NIA. The

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[6] NTIS 2010 supporting organizations: United Nations Development Programme (UNDP), Government of Finland, United Kingdom of Great Britain and Northern Ireland Department for International Development (DFID), the International Finance Corporation (IFC), and the ITC.

[7] (Ministry of Commerce and Supplies, 2010).

[8] (See annex II).

project is further designed to strengthen the NIA to enhance Nepal's ownership of TRTA and maximize the benefits that the country can derive from participation in international trading system. As we head into the end of 2013, the NECTRADE project is also moving into its second phase where finalization and validation of Nepal's second Diagnostic Trade Integration Study (DTIS) update will take place.

The Government of Nepal, to effectively address trade related issues and to facilitate growth especially of the priority sectors, has put in place several initiatives in close coordination with private sector and donor agencies. Following success of collective trademark registration of Chyangra Pashmina, similar initiatives for tea and coffee have been carried out to help these sectors gain competitive advantage through brand value. The Government has also taken initiatives to facilitate nursery development and have been providing high yielding seeds to enhance the Large Cardamom sector. Cold warehouse in Tribhuvan International Airport has been established. Several export focused trade fairs have been organized, and various trainings and capacity-building workshops targeting the beneficiaries have been carried out.

Furthermore, in order to promote and enhance capacity of the priority sectors, Expression of Interest (EOI) was published in August 2011 for NTIS implementation at local level. Some of the projects, led by private institutions and supported by the Ministry of Commerce and Supplies, have been effectively practiced. Since August 2012, first EIF Tier 2 project supporting the ginger value chain has also been put in place. This EIF funded project is supported by Standards and Trade Development Facility (STDF) and implemented by Food and Agriculture Organization (FAO). Similarly, another EIF Tier 2 project supporting Pashmina sector enhancement was developed with the assistance of the ITC and ready for implementation. Yet, another project supporting exports of medicinal herbs and silver jewellery has been developed jointly by the German Development Cooperation (GIZ) and the Ministry of Commerce and Supplies. All these sectors have been identified as high-potential sector for export, value-addition, employment and income-generation in the NTIS 2010. With effective recipient-donor collaboration, many such project supporting other sectors under Nepal's trade baskets are to be carried out in order to fully realize the potential identified in the NTIS 2010.

One current undertaking on recipient-donor collaboration aimed at linking trade with other development dimensions and NTIS implementation is reflected in the proposed UNDAF 2013–17. As an LDC, Nepal's matrix is closely related to the technical assistance priorities identified by the Enhanced Integrated Framework.

5. Constraints

In recent years, the Government of Nepal has acknowledged trade as an essential foundation for the national economy. In order to stay true to the liberal economic principles of the WTO, Nepal has introduced various reform programmes. However, being a Least Developed Country (LDC), complete implementation of NTIS 2010 is not possible with the Government's effort alone, due to limitation regarding resources and technical expertise. Furthermore, several constraints historically limiting Nepal's progress are still in existence. Some of these constraints include ongoing political transition, difficult terrain, landlocked geography, limited export basket, weak management-labour equilibrium, inadequate infrastructure, insufficient skilled human resources, inadequate/inaccurate market information and inadequate trade related assistance.[9] All these factors have severely hampered Nepal's trade capacity-building efforts.

Multidimensional approach on trade and development in the proposed United Nations Development Assistance Framework 2013–17

In the matrix Nepal is currently preparing, one outcome of the Component III ("Creating an enabling environment for enhanced international cooperation") deals more specifically with trade-related development issues. It is Outcome 8: which aims to see Nepal's institutions and economy 'more effectively integrated into inter-governmental economic and normative dialogues, and policy and legal regimes'.

This outcome is itself divided into four outputs, two of which are of interest for our analysis:

With output 8.1 entitled "The Government of Nepal and other institutions are better able to strategize international policy regulatory issues and comply with international trade, industrial and environmental agendas", UNCTAD and UNCITRAL will assist national authorities to improve their capacities to strategize international development issues and regulatory frameworks with implications on international trade. The emphasis is put on regional and multilateral negotiations (with a particular focus on WTO post-accession), as well as South-South cooperation.

UNEP, for its part, will implement actions to improve Nepal's capacity to comply with the international agenda on trade and environment (in particular the Convention on biodiversity and the Montreal Protocol).

Output 8.2 deals with the enhanced capacity of Nepalese institutions to "comply with international policy regulatory framework, recommendations and standards". In this context, UNIDO, FAO and ITC will in particular:

- Assist to comply with SPS requirements for the export of commodities (mainly ginger). Among the actions envisaged, we should note the training and equipment of laboratories;
- Establish a ginger processing plant complying with international standards.

The general objective here is to promote industrial development, develop an agriculture respecting international standards and assist governmental institutions and private sector to promote specific exports.

Source: Trade Dimension in United Nations Development Assistance Frameworks, UNCTAD.

[9] TPR, 2012.

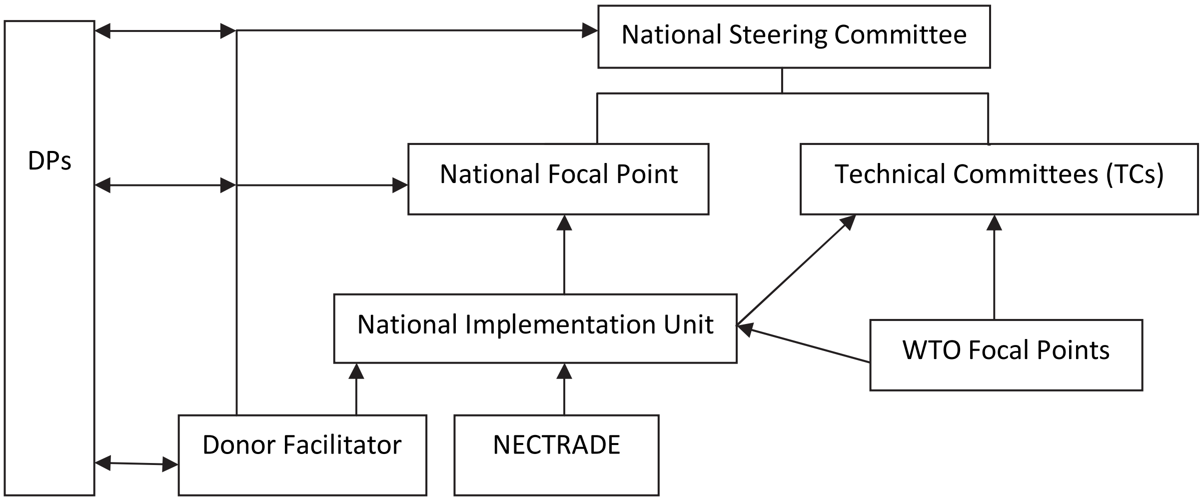
6. The way forward

In order for Nepali products to be competitive in the international market, it has to strengthen its capacity in terms of quality, quantity as well as price. Because of insufficient skilled human resource as well as inadequate research and development, Nepali products haven't been able to gain competitive edge. Many of the products do not match international standards. One of the reasons for these constraints is Nepal's substandard testing laboratories, conformity assessment bodies and accreditation institutions. Hence it is essential that a focused collaboration between public and private sectors facilitated by donor agencies be established through proper bilateral or multilateral platforms. Lack of accurate market information and know-hows is another factors hampering Nepal's trade growth. It is important to establish an international market information centre with proper public-private partnership as well as through coordination with international partners. Furthermore, collaboration of these institutions with local experts and academics, media and non-government organizations cannot be negated.

It is also imperative that Government further develop its legal infrastructure so as to be on par with the pace of rapidly changing international trade regime. Several initiations have been taken, but bureaucratic hurdles still remain. Crippling energy crisis has made Nepal even less attractive market for investment. Sincere efforts to curb these problems need to be undertaken. Several Nepali products, despite huge potential, haven't been able to get proper market access because of infrastructural limitation. Major investments dedicated towards development of trade infrastructure are needed, for which, collaboration at a larger scale between the Government, public-private sectors as well as international agencies is necessary.

Nepal also needs to enhance its capabilities at economic diplomacy to fully utilize the benefits offered by the international trade system, more importantly the GSP. It is essential for Nepal to strengthen its trade negotiations for the purpose of greater market access and exemptions. Nepal also needs to conduct stronger engagements with other LDCs to make their issues heard in the international forums. It is crucial for Nepal to develop highly qualified diplomatic missions that can properly take a stance while negotiating with its bilateral and multilateral counterparts. Importantly, there is a need to strengthen country's ownership by following demand driven process. Considering the enormous challenges faced by Nepal's economy, assistance from donor agencies can still not be deemed enough. Hence, it is necessary to enhance direct budgetary support through Aid for Trade channel or through similar other processes. However, it is essential that the processes be conducted ensuring full transparency and accountability of recipients.

Figure 1. EIF/NTIS implementation arrangement



Technical Committee 1 (TC 1)	Aid for Trade and Service Trade, Lead by PITCD, Ministry Commerce and Supplies
Technical Committee 2 (TC 2)	Trade Negotiation Capacity Development and Trade Support Institutions, Lead by EPTT Division, MOCS
Technical Committee 3 (TC 3)	Agriculture and SPS, Lead by Ministry of Agriculture and Cooperatives
Technical Committee 4 (TC 4)	Manufacturing, TBT, Investment and IPR, Lead by Ministry of Industry
Technical Committee 5 (TC 5)	Customs, and Trade Facilitation, Lead by Ministry of Finance
Technical Committee 6 (TC 6)	Legal Reform, Lead by Office of the Prime Minister and Council of Ministers

Figure 2. Priority Sectors Identified by NTIS 2010

Agrofood	Craft and industrial goods	Services	Other potential export sectors
1) Cardamom 2) Ginger 3) Honey 4) Lentils 5) Tea 6) Noodles 7) Medicinal Herbs/Essential oils	8) Handmade Paper 9) Silver Jewellery 10) Iron and Steel 11) Pashmina 12) Wool Products	13) Tourism 14) Labour Services 15) IT and BPO Services 16) Health Services 17) Education 18) Engineering 19) Hydro-electricity	20) Transit Trade Services 21) Sugar 22) Cement 23) Dairy Products 24) Transformers

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Annex I.D Paper on Togo

Mr. Komla Nyédji Galley

Director, Foreign Trade,

Togo

Integrating trade in the national development strategies in Togo

1. Introduction

Togo is one of the smallest countries on the African continent. It measures 56,600 square kilometres (km^2), has 6.199 million inhabitants, and the population grows at the rate of 2.4 per cent per year. Togo is on the Atlantic and is flanked on the west coast by Ghana and on the east by Benin. It is one of the lesser developed nations, with a Gross Domestic Product of 278,402.5 FCFA in 2011. It ranks 159th out of 182 countries on the UNDP human development index of 2009. The poverty index reached 62 per cent in the latest estimates. Different sectors within the GDP indicate that the primary sector with a 35.5 per cent index between 1990 and 2011 was the highest growth sector of the nation, followed by the tertiary trade sector with a 26.5 per cent growth and the secondary sector with 18.2 per cent growth.

The Togolese economy is essentially rural and agricultural: half of its production and two thirds of the employment are a result of the primary sector. Service, of which the subsectors are the most important, made up of trade, public services, transportation and communications, only brought in 20 per cent of jobs and 25 per cent of GDP. The naturally high-depth water port of Lome is of great importance for Togo. It plays a major role in the region's trade. The banks, once very important, overcame a crisis in the 1980s and yet again in 2008. Furthermore, they only contribute 0.5 per cent of the GDP. The industry sector generates 15 per cent of jobs and 25 per cent of the GDP and its main sub-sectors are cement, clinker, phosphates and agricultural products. Togo exploits a free industry and services zone, relatively prosperous since 1989. It employs 12.987 people in about 62 enterprises.

In spite of recent improvements, political stability and economic reforms, economic growth is slow in Togo. The true income per capita has not increased above 3 per cent. From 2.6 per cent between 1965 and 1969, this income dropped to 1 per cent between 1970 and 1979.

During the 1980s, this percentage reached below zero, -1.4 per cent to reach 0.4 per cent between 1990 and 1997. Starting in 1998, Togo began a downward trend: -3.5 per cent in 1998; 0.54 per cent in 1999; -4.3 per cent in 200; -0.6 per cent in 2001, 0.3 per cent in 2002; -0.6 per cent in 2003; 1.8 per cent in 2004; -1.4 in 2005; 1.8 per cent in 2006; 0.6 per cent in 2007. In 2008 this rate was 0.8 per cent. In 2009, the GDP per capita reached 2.4 per cent and 2.6 per cent in 2010.

The GDP growth rate was 4.0 per cent in 2010; 4.9 per cent in 2011 and 5.9 per cent in 2012. It is expected to be 7.1 in 2017 according to the Strategy for Accelerated Growth and the Promotion of Jobs (Strategie de Croissance Accelerée et de Promotion de l'Emploi – SCAPE). Togo is a member of the West African Economic Monetary Union (UEMOA) in which the affiliates share a common currency, the FCA franc, which used to be part of the French franc and now has a fixed exchange rate with the euro. Togo is therefore not monetarily independent. Its true exchange rate has progressively improved since the 50 per cent devaluation in 1994.

Togo has clear important trade deficits, financed by foreign aid, transfers from the diaspora, outside capitals and private investments and the IDE in particular.

The most important export products are cement, clinker, phosphates, iron and steel, as well as cotton. Re-exports and transit trade towards UEMOA countries and Nigeria are important.

Togo wants to ensure regional leadership and a major role in the trade procedure in West Africa because of its port on the Atlantic. It is currently working on improving its port to allow for the new generation of ships. It is also modernizing its airport given its position on the Atlantic and the quality of its communication system.

Togo wants to reclaim its place during major international exchanges by helping to solve major African crises and reinforce national cohesion in the triumph of the rule of law, freedom, brotherhood and solidarity.

2. Integrating trade in the national development strategies in Togo

Trade and the private sector play an essential role in the economic and social development of Togo. As it stands, when commercial activities are supported by a dynamic private sector, they improve the accelerated economic growth and contribute to the creation of jobs. Commercial enterprises, whether big or small and whether or not they are part of a structure, are essentially the start of trade, the possibility of job creation and the improvement of the means of living. Commercial prospects offered to women (given their greater presence in the sector); contribute to their professional development, the reinforcement of their economic role and the transformation of current social systems.

For that purpose, the Government has put together SCAPE for the 2013–2017 period. To implement it, SCAPE is defined as a programme of priority of actions (PAP) which delineate all of the steps of implementation in terms of measurable projects or of ideas to achieve. The implementation of the PAPs will be carried out through the Budget Programme (BP) and the Mid Term Expense Framework (Cadre de Depense a Moyen Terme - CDMT). However, to this day, all the ministerial departments have not finalized and/or elaborated the above mentioned tool of implementation.

In order to propose a better explanation of the law on financial administration in 2014 along with defining the priorities within the programme SCAPE/PAP, the Government has initiated a shortcut which consists of setting more synthetic sectorial notes of budgetary framework or “priority strategic elemental notes for the implementation of SCAPE (NEPS)”.

Therefore, the Ministry of Trade and for the Promotion of the Private Sector (MCPSP), in keeping with other ministerial departments, relies on a simple pilot instrument which clearly (coherently) describes the technical and financial elements of the projects which the department intends to inscribe in the budgetary law, fiscal year 2014, in agreement with the SCAPE/PAP programmes.

In agreement with the national and sectorial strategies on trade development, the *Notes des Eléments Stratégiques Prioritaires* (NESPS) 2013–2017 for the implementation of the SCAPE programme of the MCPSP has reconsidered the elements of the institutional framework by diagnosing the sector and identifying the bottlenecks and the major challenges that the administration will have to face between 2013 and 2017, this in order to help the trade department become a tool for development notably through a competitive private sector.

This present “sectorial management note” will be developed around 5 types of information mainly: (1) general overview of the sector; (2) intervention strategy within the scope of SCAPE; (3) strategic partnerships; (4) follow-ups and evaluation mechanisms; (5) budget elements for 2014.

Furthermore, the NESPS will allow the MCPSP to have a synthetic tool at its disposal which will not only direct towards the preparation of budgets and serve it during budgetary arbitration, but will also have to serve for advocacy vis-à-vis the financial and technical partners.

2.1 General overview of the sector

With a 3 per cent contribution to the GDP in 2011 versus 4.8 per cent in 2010, trade traditionally plays a premier role in the economic development of Togo. Commercial activities which are less diversified are characterized by the overwhelming presence of informal operators. National trade is generally composed of imported products and foreign trade is dominated by the export of mining, manufactured and agricultural products. Transit trade also exists within non-coastal nations as well as re-exporting through land or sea. Women play a key role in trade and are present in import-export, most notably in clothing, the sale of clothing material and cloth, food and cosmetics. They are very active in commercial exchanges between urban and rural areas.

However, given that trade is not well organized, it does not efficiently contribute to the national economic development. Furthermore, the recent fires of the Lome and Kara markets (January 2013) have had a great impact on the economy, weakening it.

The improvement of the global environment of business has become one of the main strategic objectives that the Government has set in the same vein as the complete strategy for reduction of the poverty level. To achieve this, it aims at stimulating the Togolese private sector in order to make it more competitive on the local, regional and international markets in view of becoming a real catalyst in creating wealth and jobs.

The political will of the Government to promote trade has taken these various aspects: (1) the setting of rules of autonomous liberalization on the sector and organization of trade jobs; (2) the existence of administrative structures in charge of promoting trade (DCE, DCI, DCML, DPSP, CETEF-Loma); (3) the existence of support structures for trade (INPIT, CCFCC, CECC); (4) the existence of professional organizations which mission is to promote the internal and external trade of their members (Chamber of Commerce and Industry of Togo, employers’ associations, business associations, professional associations, and the like; (5) the participation in trade fairs organized by Togolese exporters; (6) the organization of trade fairs in Togo attracting the nation’s existing and potential trade partners; (7) the multiple forms of functional assistance of the Chamber of Commerce and Industry of Togo; (8) the creation of a multi-sectorial committee for trade negotiations; (9) the organization of workshops on awareness on EPA; 10) the existence of a public–private partnership on trade environment issues.

Moreover, the existence of a unit to implement the Aid for Trade activities (SMOCIR) since May 2011 tends: (1) to integrate trade in the national development plans, such as SCAPE, or to implement the contents of the document of trade development policy; (2) to contribute to the provision for a Technical Assistance Linked to Trade (ATLC) in response to the identified national needs and (3) to develop a national aptitude for trade, mostly by reinforcing economic operators’ capacities and also by fixing the constraints of trade.

Besides, the implementation of components 1 and 2 of the support Programme to the private sector development (PADSP) will allow on the one hand improving certain critical aspects for the climate of investments in Togo. Most notably we are looking at two indicators of “Doing Business”, that is business creation and registration of properties that, in the current situation, hinder the development of companies. On the other hand, these two components will allow 2000 micro and small “traditional” businesses to benefit from training in accounting, management, and marketing and in financing. 1000 of those enterprises will benefit from an assistance to help them practice the content of the trainings. Component number 2 also provides support for 1000 formal micro and small businesses that will receive specific training for their needs along with subsidies.

In consideration of the improvement of the business climate, the restructuring of the Centre for business creation (CFE is tending to become a one-stop-shop. Concerning the rules, the Government has taken incentive measures to reduce the procedures, time and costs for the creation of enterprises (7 March 2012 decree). In so doing, administrative formalities for the creation of enterprises have gone from 7 to 3 between 2009 and 2013 and the minimal waiting time for the creation of enterprises is at present one day in comparison to seventy five days in 2009.

Furthermore, the adoption of the SMEs Charter since 2011 and its effective implementation will allow SMEs to develop in an encouraging and coherent global environment, the setting up of a direct and efficient support system and of appropriate financing dispositions for the sector.

In spite of the obvious progress, trade and the private sector are confronted with weaknesses that shadow the results of all actions.

Most notably we have: (1) insufficient judicial, legal and institutional components; (2) weak publicity around commercial information; (3) the low level of commercial exchanges; (4) judicial and institutional dispositions that are not encouraging for business; and (5) insufficiency in mechanisms of promoting and supporting the private sector.

On top of those difficulties, there is also the low level of education in many of these tradeswomen, the difficulties they have in obtaining credit, and having access to information and training.

2.2 Trade sector operating strategies in accordance with the Strategy for Accelerated Growth and the Promotion of Jobs

2.2.1 Mission and objectives of the sector

(a) Mission

The mission of the MCPSP for the 2013–2017 period, is to set up an efficient organization capable of responding, through quality services delivery, to the consumers and economic operators’ expectations.

(b) Objectives of the sector

The general objective set by the department is to help trade and the private sector to durably contribute to the accelerated economic growth and the creation of jobs. For that matter, the growth economic index of trade needs to go from 3.5 per cent to 9.3 per cent by 2017.

The objective for development given to trade department is as follows: 1) to develop trade; 2) improve the climate for business by bringing competitive support to the economic growth sectors ; 3) and to make the private sector more dynamic and wealth and jobs creating.

To the above mentioned objectives, we have to add the following specific ones:

(a) Trade sector is better structured and performs better by 2017 through promoting exchange internationally, increasing competitiveness, commercial enterprises, commercial exchanges, regional and international integration;

(b) Making the private sector more dynamic and competitive by 2017 by improving the climate of business and also by promoting the private sector.

To reach these goals, the MCPSP has set up programmes and other projects to be carried out in the next four years (2013–2017).

2.2.2 Main programmes and other projects

The programmes are comprised of three components: (1) promoting national trade, competitiveness and commercial entrepreneurship; (2) promoting commercial exchanges along with regional and international trade and (3) improving business climate and promoting the private sector.

The projects are defined as follows: (1) improving commercial exchanges by 2017; (2) reinforcing judicial, legal and institutional mechanisms by 2015; (3) improving the informational system on and for trade by 2017; (4) ensuring the existence of an institutional judicial support system by 2017; (5) reinforcing the promotion and support system for the private sector by 2017.

2.3 Strategic partnership

2.3.1 Financial and technical Partners for Development

During the next four years (2013–2017), the MCPSP will be partnering among others with the African Development Bank, the West African Development Bank, the Investment and Development Bank, branch of ECOWAS, the IMF, the ITC, UNCTAD, UNDP, the World Bank and the WTO.

2.3.2 Coordination mechanism

The department of trade and for the Promotion of the Private Sector is the most competent to implement the primary strategic elements of SCAPE (NESPS). Its tasks will consist of: (1) accelerating and facilitating the implementation of the action plan; (2) ensuring the coherence of the structure of the State budget and the SCAPE/PAP; (3) helping in the budgetary arbitration between the Ministry's various departments; (4) facilitating discussions with the partners for development.

2.3.3 Risk factors

The successful implementation of budgetary support of the ministry might come across some obstacles which could lessen its effects. The various risks that it might face are:

(a) Political and administrative risks: political willingness, the procedures involved regarding partnership, lack of initiatives, uncertainty regarding the State budget (most notably the additional resources needed during talks with the development partners as requested by SCAPE), the late creation of the TOR(OTR), the slowness of the administration in the creation of markets, change, and the like;

(b) Financial and technical risks such as: having hot money, technical failures, lack of competency;

(c) External factors: food, energy, financial, economic, and environmental crises; budgetary restrictions from the European Union, maritime piracy in the Gulf of Guinea, political problems in the region.

2.4 Follow-up mechanisms and evaluation

There will be an implementation of follow-up mechanism and of evaluating the impact of the NESPS programmes. It will be monitored by the General Secretariat of the Ministry of trade and for the Promotion of the Private Sector. It will consist of (1) ensuring that all activities, indicators, impacts and results are followed up, in accordance with the set up framework; (2) proposing appropriate corrective measures; (3) proposing a regular updating of the NESPS.

The follow-up mechanism is as follows:

(a) Weekly meeting to coordinate activities within the Ministry;

(b) Trimestral or semestral follow-ups (for the current year):
- Three-month report on the implementation of the public investment programme, public procurement plans, yearly work plans (PTA);
- Periodical supervision reports of the projects;
- Semestral reports on the indicators.

(c) Portfolio review (for year n-1):
- Reviewing the department's PAP;
- Annual report on the evolution of the NESPS, including the annual evaluation of the level of implementation in the department's main programmes and projects;

(d) Evaluations (from year n-3 and n-4):
- Impact study of the sectorial policies development policies.

2.5 2014 budget elements

The 2014 projected budget is set up on the basis of the 2013 budget resources.

For 2014 fiscal year, the budget in its main compartments will target:

(a) The organization of the informal trade sector;

(b) The usage of the International Measuring System (SI) to the commercial transactions and periodical controls;

(c) Ensuring the functioning of the National Committee on International Commercial Negotiation;

(d) The rehabilitation of the Togolese Expo and Fair Centre of Loma (CETEF);

(e) The support for the operating of the CIR;

(f) The participation of Togo in the 2015 Universal Expo;

(g) The validation of the National Plan for the Improvement of the Business Climate (PNACA);

(h) The elaboration of a policy for the promotion of the private sector and its implementation plan;

(i) The implementation of the One-Stop Foreign Trade Counter;

(j) Capacity-building for the employees of the ministry of trade.

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Annex I.E Paper on Yemen

Ms. Safiya Al-Jabry

EIF Programme,

Ministry of Industry and Trade,

Yemen

Integrating trade in Yemen's national strategies

1. Yemen at a glance

1.1 Geography

Yemen is located in South-West Asia between Oman and Saudi Arabia. It is situated at the entrance of Bab-el-Mandeb, which links the Red Sea to the Indian Ocean, one of the most strategic locations in the world.

Area:	203,850 square miles (527,968 km^2)
Coastline:	1,184 miles (1,906 km)

1.2 Economic sectors

The three main economic sectors of Yemen are oil, agriculture and fisheries.

Major exports include crude oil, coffee, dried and salted fish and liquefied natural gas which make up a total of US$7.598 billion (2012 estimates, *CIA World Fact Book*).

Major imports include food and live animals, machinery, equipment and chemicals which make up a total of US$8.893 billion (2012 estimates, *CIA World Fact Book*).

Major export partners: China, Thailand, India, the Republic of Korea, Japan, the United States of America, South Africa and the United Arab Emirates.

Major import partners: United Arab Emirates, China, Saudi Arabia, Kuwait, India, United States and Turkey.

1.3 Government

Yemen is a republic with a Government composed of a double legislative body, the House of Representatives and the Shura Council. It is run by the Chief of State and the Head of the Government. The Chief of State is the President and the Head of the Government is the Prime Minister. The country is divided into 21 governorates for local administration.

1.4 Demographics

Population:	23.58 million
Population growth rate:	2.575 per cent
Urbanization:	32 per cent of total population (2010 estimate)
Sex ration:	1.03 males/females (2011 estimate)
Ethnic groups:	Predominantly Arab but also Afro-Arab, South Asians, Europeans

Religions:	Islam (official), small number of Jews, Christians and Hindu
Language:	Arabic (official)
Literacy:	63.9 per cent of the total population; 81.2 per cent males and 46.8 per cent females

2. Overview

For years, Yemen has been viewed by the international community as a failing State yet it has not completely failed despite the serious political, economic and social challenges facing the country. Following the unification of South and North Yemen in 1990, the country has struggled to overcome legacy of the civil war between the North and South that broke in 1994 and to reform the economy. In 1995, Yemen launched the economic reform programme in coordination with IMF to help in the economic growth of the country.

Yemen's economy prior to the 1995 economic reform programme was a closed and highly protected economy characterized by high tariffs and prohibition of foreign goods with the trade policy geared towards generating revenues for the Government and relatively small trade interactions with other countries. International donors put pressure on the country after 1994 crisis towards promoting reforms for the conceived failing State. However, there were no tangible results of these programmes due to setbacks in the unsettling political structure which continuously backed up the poor economic situation.

The political structure was characterized by domination of political and economic decisions made by tribal and military forces of the ruling structure and strong resistance in the political centre against giving concession from its patrimony. Such ruling structure secured an optimal environment for institutional corruption that amplified during the last two decades controlling all components of the State and its economy, hence, classifying the country's situation as State capture.

By the end of twentieth century, Yemen had still not created a vibrant economy nor diversified its income sources despite the launching of the economic reform programme. Yemen remained a rentier State and an importing country depending on selling its natural resources which make about 80 per cent of the government revenue. This led to a highly fluctuating and volatile economy until 2000 when Yemen requested to join the WTO.

Since then, the country changed part of its laws and trade policies in compliance with WTO global rules for the accession process. In 2001, Yemen joined the Integrated Framework, later becoming known as the Enhanced Integrated Framework, an instrument to create wealth and fight poverty. Yemen undertook a Diagnostic Trade Integration Study (DTIS) that was validated in 2003 and approved by the cabinet in 2004 with issues related to WTO accession, included the Poverty Reduction Strategy Paper (PRSP) in 2003.

During the period of 2000–2010, Yemen strived to implement plans and strategies at the macro and sectoral levels including the Five Year Development Plan (2001–2005), Poverty Reduction Strategy, the third National Development Plan for Poverty Reduction (2006–2010) and the National Reforms Agenda in order to achieve the MDGs by 2015. Some of these plans were hindered by the conflicts of 2011 which resulted in deterioration of the country's economy.

The prospects for the future of Yemen are still unpredictable after the 2011 revolution which forced the country to go into a political transition brokered by the Gulf Cooperation Council (GCC) that saw the formation of an interim Government in the early presidential elections of 2012.

The transition has so far advanced slower than planned. Yemenis are anticipating positive results from the on-going national dialogue that started in March 2013 and was supposed to end in September 2013. It consists of 565 members from relevant societal groups. The dialogue is meant to produce recommendations and action plans that will be instrumental for the drafting of the new constitution followed by legislative and presidential elections.

This transition is seen as the best chance for the generation to make progress towards a more secure and prosperous future. Yet if it fails, Yemen could be facing possible State failure, large-scale conflict and a humanitarian catastrophe.

Following the decades of the different regimes, conflicts, political and economic turmoil, Yemen still finds itself in the highest level of poverty in the Middle East and faces deep development challenges including a weak and poorly managed economy despite its strategic location that once put Yemen as the centre of civilization and wealth. The country depends on declining oil reserves, faces corruption, high poverty level, lack of employment and poor education level. It also faces challenges from secessionists, unruly tribes, Islamist extremists and challenges in water and food security, high population growth, poor health facilities and almost non-existent service provision.

Many of the problems are rooted in the Government's lack of accountability to Yemeni citizens and the weak rule of law where judicial system is subject to political pressure. The civil service is subject to corruption due to underpayment of the overstaffed employees.

Yemen has the advantage of its diversified diaspora throughout the world that is not being utilized. Many of the diaspora are interested in investing in a secure and regulated environment yet the weak enforcement of contracts and disrespect of property rights makes investment highly unattractive.

The security situation in Yemen is serious, with the increasing number of reported conflicts by Al-Qaeda in the Arabian Peninsula which represent significant local, regional and international threat. This security situation makes it difficult for donor organizations like the World Bank, DFID, United Nations, International Monetary Fund, European Union, United States Aid and other bilateral donors as well as humanitarian agencies to implement and monitor their programmes.

3. Economic situation

Key Indicators:

Population:	23.58 million
GDP:	US$36.65 billion
GDP growth:	0.1 per cent
Inflation:	17.3 per cent
Poverty Rate:	27.5 per cent
Per-capita income:	US$1,820
Human development index:	0.46

Yemen is a rentier State that depends highly on selling its natural resources to generate revenues. The country tried to diversify its economy through bolstering non-oil sector and foreign investment. In 2009, the country exported its first liquefied natural gas.

In 2010, the international community established the Friends of Yemen group to support Yemen's efforts towards political and economic reforms. Legal reforms in the economic field took place in 2009–2012 but were offset by setbacks in the political arena.

The Government of Yemen initiated an economic reform programme in 2006 but declining oil production, terrorist attacks, kidnappings, tribal rivalries and water shortages greatly weakened tourism, foreign investment and growth. Reform initiatives like the National Agenda for Reform, related to management, economic and political issues, or the Ten Priorities of 2009, which mainly focuses on economic issues, have yielded minimal results.

One main challenge hindering economic development is the centralization of economic decisions which has been one of the driving forces towards the rising discontent in the south against "northern domination". This has put the Government in a difficult position and the hopes for a federal State and a decentralized economy following the proposed Yemen Economic Vision 2030 to the national dialogue stand as an option to these woes.

The revolution of 2011 offers hope for the country in seeing a new constitution written and the country developing in the future. The revolution is meant to dissolve the patrimony that has so long impeded development and successful implementation of reforms.

Party pluralism and decentralization have become generally accepted principles during the past decade. Opposition parties have begun to cooperate and civil society organization have grown. Consolidation of these gains will boost growth and job creation and will help the Government to successfully conclude the national dialogue conference. It will also help to strengthen security and begin to implement priority fiscal and other pro-growth reforms.

4. Trade in Yemen

Yemen's 2011 exports reveal that hydrocarbons make up 90 per cent of export value of the country. The next commodity export is fish. International development organizations have pointed fisheries and agriculture as the key non-oil sectors where immediate increase in production could be made to make Yemen a diversified export country.

4.1 Free-trade zones

The Government of Yemen has exerted efforts to strengthen its economic relations with other nations and this has been seen in more than 60 commercial and industrial agreements and protocols in trade and industry aiming at achieving sustainable economic growth, reducing trade barriers and increasing trade and investment.

The current free zones in the country are the Aden Free Zone and the Hodeida Free Zone, which is still being developed. Yemen also joined GAFTA whose aim is to create an Arab Common Market.

On January 2005, the agreement reached full trade liberalization of goods through the full exemption of customs duties and charges granting equivalent effect amongst all members of GAFTA, except Sudan and Yemen, which received exemption on granting zero tariffs until 2010 due to their LDC status. Currently, Yemeni products enter into the markets of all members of GAFTA free from duties and similar charges based on a protocol of origin.

4.2 Trade agreements

Multilateral trading system

Yemen applied for WTO membership in 2000 and has since then implemented a liberal economic policy. Yemen concluded its 13-year negotiation process on 26 September 2013 and is expected to sign the accession protocols in early December at the ninth Ministerial conference in Bali. The Government has liberalized foreign trade, reduced tariffs and made commitments to the WTO in customs valuation, price controls, State enterprises, technical barriers to trade and other areas.

Joining the WTO will enable Yemen to open new markets for Yemeni products through the implementation of most-favoured nation (MFN) and national treatments of WTO. Discrimination against Yemeni products and unfair barriers to trade such as restrictions of Yemeni trucks to Gulf Markets and burdensome requirements will be eliminated.

Bilateral trade agreements

Yemen has already signed a number of international trade agreements which provide reciprocal mutual MFN treatment for Yemeni products. Recent moves towards trade liberation have reduced trade barriers within Yemen and increased access to international market, especially Gulf Markets.

Yemen has also signed various economic and trade cooperation with different countries such as Turkey, Bulgaria, Ethiopia and Tanzania.

Bilateral trade agreements of Yemen include:

- **Council of Arab Economic Unity**: Yemen is an active member of the Council, which was established on June 1957. It became effective in 1964 with the ultimate goal of achieving economic unity among its member States.
- **European Union**: The European Union is ranked as one of Yemen's main trading partners with the bilateral trade growing over the years through a Development Cooperation Agreement with North Yemen which was extended in 1995 to cover the entire country following 1990 unification. The relations between European Union and Yemen are governed by a framework cooperation agreement which covers commercial, development and economic issues and came into force in 1998.
- **Gulf Cooperation Council**: The primary trading partners of Yemen are the GCC countries. The GCC secretariat and Yemen have signed numerous economic and commercial agreements and protocols and have established joint ministerial councils, committees and working groups to study the commercial legislative and legal aspects in Yemen and GCC States.
- **Pan Arab Free Trade Area (PAFTA)**: Yemen is a member of the PAFTA, which was established in 1981. The agreement is based on facilitation and development of trade among Arab States with the aim of eliminating custom duties and tariffs.
- **Trade and Investment Work Agreement**: Yemen signed this Agreement with the United States in 1984, creating a joint council for discussing a wide range of commercial issues and permanent dialogue with the aim of strengthening bilateral trade and investment between the United States and Yemen.

5. Tools for integrating trade into Yemen's national strategies

Looking at the challenges facing Yemen, it is unlikely to achieve most of the Millennium Development Goals by 2015. It is clear to conclude the country's failure to successfully integrate trade in its national strategies in the past.

However, being an "Arab spring" country in a transitional period, Yemen is in the process of restructuring its constitution through the national dialogue. The transition Government is not mandated to write the new constitution but are part of the constitutional reforms. Trade strategies are being formulated to comply with WTO global rules and to fit in the national reform agendas.

Development strategies are being developed by a team for sustainable development in the national dialogue responsible for formulating future development strategies. These strategies should be seen in implementation stages by 2014/2015.

A stable environment equipped with necessary tools such as accession to the WTO, positive results from the national dialogue, implementation of political and economic reforms and the results of UNDAF for Yemen 2012–2015 will offer the platform for future mainstreaming of trade into national strategies as well as in the bilateral and multilateral trade assistance plans.

5.1 Accession to WTO

Yemen's accession to the WTO marks a major step towards liberating trade, integrating Yemen into the global economy and creating easy access to global markets. Yemen has made amendments to its legislation to meet WTO requirements and to integrate its trade policies to WTO global rules. The benefits of joining the WTO will be significant, especially after Yemen being designated as an LDC by the United Nations.

One main benefit of joining WTO for Yemen is the opening of new markets for Yemeni products and secure market access for its importers and exporters benefiting from WTO principles of non-discrimination and most-favoured nation. This will also improve Yemen's business environment to attract foreign and domestic investors.

5.2 Post-accession assistance plans

The European Union has been the main supporter of Yemen throughout its process in accession to the WTO with its assistance, pre- and post accession, amounting to 8 million euros. It will continue to support throughout the successful transition of Yemen towards a full integration into the WTO system. It has also been the main supporter in the formulation of the National Export Strategy and the update of the DTIS.

5.3 Enhanced Integrated Framework

Yemen joined the Integrated Framework in 2001, later named the EIF, and undertook a DTIS study that was validated and approved by the cabinet in 2004. The Aid for Trade "partnership in action" programme aims at tackling supply-side constraints to trade and mainstreaming trade into national strategies by identifying opportunities in the world market where Yemen has comparative and competitive advantages to help the country in being a more active player in the global market hence lifting it out of poverty.

The EIF focuses on creating a vision on the benefits of trade and integrating them into the five year development plans (currently suspended and replaced by a two year economic stabilization and development programme).

Yemen was one of the first countries for which an EIF tier 1 project was approved in 2009 in support of its NIA project focused on preparing a DTIS update which the concept note will be finalized in the final quarter of 2013 and the validation expected in the first half of 2014.

The NIA also focused on the formulation and preparation of a National Export Strategy which should also be expected to be finalized during the first half of 2014. The Strategy is premised on promoting non-oil sector exports.

The EIF is also implementing the honey sector value chain project that was identified as a top priority from the DTIS Action Matrix. Part of the project's objective is to create a brand name for Yemeni honey, to improve the quality of the honey and to provide necessary training to bee keepers in combating bee diseases.

5.4 United Nations Development Assistance Framework 2012–2015

With the declining oil reserves in the country and an increasing population growth, the Government of Yemen's overall goal is "to realize sustainable economic growth to reduce poverty and employment" with the main strategy in the Development Plan for Poverty Reduction 2011–1015 being "to stimulate economic growth through development of non-oil sectors and reduce dependency on oil and gas".

Aligned with this, the United Nations decided that one of its priority areas for the UNDAF will be to support inclusive and diversified economic growth with a social dividend. The United Nations will provide support at the policy level to assist the Government to develop gender-sensitive strategies for improving the investment climate as well as assist relevant ministers to develop relevant sector policies and strategies.

This priority area of the UNDAF is well aligned with the National Export strategy that focuses on bolstering non-oil sectors for exports with the aims of promoting a diversified economy. The NES has four main goals:

- Accommodate regional economic development needs according to their comparative advantage and specialization to create sustainable competitive advantages;
- Integrate regional export development needs and harmonize them to meet Yemen's trade targets;
- Strengthen productive and competitive capacity through value chain enhancement interventions;
- Create the export enabling business environment.

Source: Yemen UNDAF 2012–2015.

6. Conclusion

Although challenges facing the country seem daunting, Yemen has proved international expectations of a failing State wrong. It has been the only country with a peaceful transition after the revolution and Yemenis are determined to keep it peaceful given their high expectations of positive results of the national dialogue and anticipation of national reform agendas that will improve the economic, political and security situations of the country.

The country is on the path to recovery and development, determined to integrate its economy into the global trade system mainly through the accession to the WTO. The history of Yemen and the strategic geographic location of the country qualify it to be a trading country and the implementation of the National export strategy will gear it towards being an export country. Donor assistance plans, like the European Commission Development Strategy 2007–2013, makes clear of interventions to support economic development of Yemen.

Yemen has expanded its social safety net as a response to 2011 crisis and the country security situation is under continuous development with the help of donors and the international community.

Yemeni diaspora who have settled in other countries await the chance and an open door to return to their country with more knowledge, skills, expertise and huge social and financial contributions to invest given the legal reforms that will offer them a secure investing environment. This is also recognized in the Mid-Term Review of the EC Development Strategy 2007–2013 which identifies the role of public–private dialogues and the role of economic governance towards providing the private sector with more favourable environment for investment, export diversification, growth and innovation.

Post-accession plans and promised support from donors and international community in helping the country's political transition and successful integration to the WTO system offer a positive outlook towards an integrated economy into the global trading system.

Annex II Opening remarks and introductory statements

II.1 Opening remarks by Mr. Petko Draganov, Deputy Secretary-General, United Nations Conference on Trade and Development in Geneva

Distinguished Ambassador Piantini,
Distinguished representatives of member States,
Distinguished speakers and participants,

On behalf of the Secretary-General of UNCTAD, Dr. Kituyi, it is a pleasure to welcome you to this Forum.

UNCTAD is convening this forum as the final component of a project we manage since 2009 with resources from the United Nations Development Account and in cooperation with the agencies of the United Nations Cluster on Trade and Productive Capacity.

Allow me to briefly summarize the origins, the main features and the objectives of the project:

When observing the structure of the United Nations assistance plans at the country level (the United Nations "Development Assistance Frameworks" or the One United Nations Programmes), the role given to trade issues is marginal in all countries. The main part of the development assistance provided by the United Nations agencies is devoted, in terms of priorities and therefore in terms of allocation of resources, to social needs like health or education, while the economic aspects of development – and particularly the international economic dimension of development – are confined, at best, to a secondary role.

And even in the LDCs, that benefit from the Enhanced Integrated Framework, we observe that since very recently the EIF process and the Diagnostic Integration Studies have started to be perceived as part of the wider process of national development. To articulate the analysis and the trade assistance designed and implemented within the EIF with other areas of economic development is still an idea that hopefully will grow in the next years and will be transformed in practical mechanisms.

It was this observation that raised the need to foster the integration of trade and trade related assistance in the United Nations assistance plans, by explaining, at the field level, to the policymakers in charge of planning development and assistance, why trade matters. The project provided for the organization of national and regional workshops on why and how to integrate trade in the national assistance plans, and, from a broader perspective, what is the role of trade in development processes. A summary of these workshops will be presented this morning by Mr. Nicolas Depetris Chauvin, who is sitting here on the podium. Some of the Government officials who attended these workshops are with us today and we look forward to hear from them about their national experiences.

In view of these workshops, training modules were prepared with the inputs of all the agencies of the Cluster. The effectiveness of the training material was further enlarged by on line training courses prepared in cooperation with UNITAR. Mr. Depetris Chauvin will also refer to the results achieved so far by the dissemination online of this central theme: why trade matters and why it should be given attention in development strategies and assistance plans.

The agenda of this three days forum is in front of you. Each session includes, on the one hand, country presentations that will provide the vision from the field on the integration of trade issues and assistance at the national level. On the other hand, each session approaches a specific topic showing why and how trade is related, and has implications on another area and goal of development priorities, such as poverty reduction, job creation, food security, gender inequalities, environmental concerns. The wrap-up session on Friday 29 in the afternoon will look at a wide perspective of the aid policies and flows in the area of trade. In addition to their presentations and the papers that some of them prepared, follow-up actions will be devised with the participants that are based in the capitals, in view of ensuring the dissemination of the ideas and lessons shared in this Forum.

As you are aware, on Friday 29 in the morning you are all cordially invited to participate to a special session on the United Nations post-2015 development agenda, in this same room. We will be honoured with the presence of Ms. Amina Mohammed, Special Advisor to the Secretary General of the United Nations on post-2015 development planning. That session aims at establishing a “Geneva Dialogue” on the topic and process that will have implications for the development strategies and the aid policies at the multilateral, regional and national levels.

I hope you will have interesting discussions and exchange of experiences.

I am now very pleased to give the floor to Ambassador Luis Manuel Piantini, Permanent Representative of the Dominican Republic.

Thank you.

II.2 Introduction by H.E. Mr. Luis Piantini Munnigh, Ambassador and Permanent Representative of the Dominican Republic to the World Trade Organization and Economic Organizations in Geneva

- Buenos días, Señor Secretario General Adjunto, Sr. Petko Draganov, Sus excelencias, distinguidos representantes de organizaciones internacionales, distinguidos delegados. Es un honor para quien les habla el presidir este Foro sobre el "porqué de tomar en consideración los asuntos de comercio en las estrategias" que se celebra en momento oportuno ante los pasos que está dando la comunidad internacional para definir la Agenda Post-2015. El vínculo del comercio y el desarrollo está presente en la creación de la Conferencia de Naciones Unidas sobre el Comercio y el Desarrollo en el 1964 con tres pilares, uno de ellos, la cooperación técnica. Es por ello que felicitamos a la UNCTAD por organizar este foro.

  A pesar de la creciente toma de conciencia de la necesidad de estar preparados para estar presentes en las instancias que fijan los principios y normas que reglamentan el comercio internacional, como lo evidencian las negociaciones recientes en la Organización Mundial del Comercio, en la mayoría de los países en desarrollo, los planes o estrategias nacionales de desarrollo de mediano y largo plazo le otorgan un papel marginal a las políticas de comercio exterior, a las negociaciones comerciales, y en general, al sector económico externo. Son pocos los países cuyas estrategias de desarrollo identifican en forma exhaustiva el impacto de la apertura comercial multilateral o de los crecientes compromisos comerciales regionales desde el punto de vista de la pobreza, la creación de empleo, el ambiente, la tecnología, y en general todos los componentes del futuro económico y social de un país, no dejemos de mencionar el cambio climático.

- Los Ministerios de Planificación o las entidades gubernamentales encargadas de visualizar cómo evolucionará el país en su conjunto, y cuáles políticas pueden realizar los objetivos de prosperidad deseados, tienden a concentrar su atención en la dimensión nacional. En el mejor de los casos, las estrategias de desarrollo nacionales incluyen un capítulo sobre los "objetivos de la política comercial", más descriptivo que analítico, y sobre todo desvinculado de las grandes metas de prosperidad y empleo que el país se propone. Esto ocurre a pesar de que la realidad nos pone ante la evidencia de que en un mundo globalizado los factores externos, y los vinculados al comercio en particular, pueden ser determinantes, por lo que deberían ser tomados en consideración en las decisiones concretas que se tomen.

- Citemos, por ejemplo, el impacto transversal de los flujos de comercio de bienes y servicios, de la aplicación de normas multilaterales en materia de subvenciones, de reglas de origen, o de la propiedad intelectual, aunque identificado, muy raramente aparece insertado en todos los capítulos de las estrategias nacionales. Por consiguiente, las políticas de desarrollo siguen siendo formuladas principalmente en base a visiones sectoriales poco interconectadas.

- Esto se refleja en los planes de asistencia, de cooperación para el desarrollo. Es por ello importante la reciente toma de conciencia que aboga por alinear las operaciones de asistencia de las Naciones Unidas con las estrategias de desarrollo, como manera de promover el empoderamiento, por parte de las autoridades nacionales, de la asistencia, de la cooperación ofrecida por las distintas agencias internacionales.

- Hoy sabemos que los proyectos diseñados e implementados sin tomar en cuenta las prioridades nacionales y sin involucrar a los actores nacionales corren riesgos muy altos en términos de eficiencia e impacto. Es ya obvio que si los planes de asistencia, de cooperación técnica reflejan las estrategias nacionales de desarrollo, y que si éstas últimas no toman debidamente en cuenta el papel del comercio internacional, las operaciones de asistencia en materia de comercio también quedarán desconectadas de las prioridades de desarrollo fijadas a mediano y largo plazo. No es de extrañar que se abogue por que los países incluyan sus prioridades, bajo la perspectiva de la iniciativa de Ayuda para el Comercio, en las estrategias de desarrollo nacionales. El desarrollo es multifacético y es por ello que es pertinente alinear el comercio con las estrategias desarrollo, incluyendo en las mismas el impacto horizontal del comercio.

- Señores delegados, creo que en Ginebra, los negociadores, los funcionarios de las Secretarías de las Organizaciones Internacionales, entre ellas, las especializadas de Naciones Unidas, están conscientes de la importancia del tema comercio para las estrategias de desarrollo y los planes de asistencia, de cooperación técnica, para implementarlas, por ejemplo, para crear empleos dignamente remunerados, para reducir la pobreza. Sin embargo, en nuestras capitales, desde la perspectiva de los que ven al futuro del país en su conjunto, diseñan las metas a alcanzar y el camino a seguir, son pocos los planificadores que sitúan entre sus prioridades la agenda comercial, aunque no como un fin en sí mismo si como un elemento sumamente importante.

- Señores delegados, Este foro nos da la oportunidad de comparar y acercar esas dos visiones: la visión de los expertos en comercio de la “comunidad” ginebrina, conscientes y convencidos del papel del comercio en los planes de desarrollo y de la cooperación, asistencia necesaria para implementarlos, con la visión de numerosas autoridades nacionales en donde el tema comercio tiene que competir con muchos otros – y generalmente compite en condiciones de desigualdad porque los argumentos a su favor son poco conocidos. Este foro nos permitirá ver con más claridad el papel de los ministerios de comercio, de industria, en la consecución de los objetivos de las estrategias de desarrollo elaborados por los ministerios de planificación.

  Tal como lo acaba de señalar el Secretario General Adjunto, el Sr. Draganov, este Foro aúna a representantes que han participado en talleres nacionales, en países en desarrollo, sobre el tema que nos ocupa. Sus experiencias contribuirán al debate a partir de preguntas tan concretas como importantes: ¿Qué papel tiene el comercio internacional en la estrategia de desarrollo de mi país? ¿Cuál es el impacto de la política comercial actual y futura sobre otras áreas sociales y económicas del proceso de desarrollo de mi país? ¿Quién decide, con qué criterios, con qué mecanismos de consulta, y hasta qué punto, alinear la cooperación, la asistencia que recibe el país con el papel del comercio? ¿Qué actores y qué factores intervienen en la formulación de estas decisiones? ¿Qué lecciones puede aprender mi país de las experiencias positivas o negativas de otros países en desarrollo?

Annex III Discussion Forum programme

CONFÉRENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DÉVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

"Why Trade Matters in Development Strategies?"
Discussion Forum[10]
Geneva, 27–29 November 2013
Palais des Nations, Room XXVI
Programme

Day 1: Wednesday, 27 November 2013

10:00-10:15h	**Opening remarks** by Mr. Petko Draganov, Deputy Secretary-General, UNCTAD
	Introduction by H.E. Mr. Luis Piantini Munnigh, Ambassador and Permanent Representative of the Dominican Republic to the World Trade Organization and Economic Organizations in Geneva
10:15-10:45h	**Results** of the workshops held in Lesotho, Mali, Nepal, Lebanon and Guatemala and the online courses on "The Trade Dimension in UN Development Assistance Frameworks" Presentation by Mr. Nicolás Depetris Chauvin, UNCTAD Consultant
	***********
10:45-11:15h	***Country cases: Bhutan and Yemen*** *Interventions by* *Mr. Dorji Dhradhul, Royal Government of Bhutan* *Ms. Safiya Al-Jabry, Government of Yemen*
11:15-11:30h	**Experiences in transition countries** Intervention by Mr. Mika Vepsäläinen, UNECE
	***********
11:30-12:30h	Open debate
12:30-15:00h	**LUNCH BREAK**
15:00-16:00h	**Trade policy issues in dealing with food security** Interventions by Ms. Ekaterina Krivonos, FAO Mr. Janvier Nkurunziza, UNCTAD Mr. Jonathan Hepburn, International Centre for Trade and Sustainable Development Ms. Caroline Dommen, Quaker United Nations Office
16:00-17:00h	Open debate

[10] For more information: http://unctad.org/en/Pages/MeetingDetails.aspx?meetingid=441

Day 2: Thursday, 28 November 2013

10:00-10:10h	***Country case: Togo***		
		Intervention by	*Mr. Komla Nyedji Galley, Government of Togo*

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10:10-10:50h	**Can trade policies contribute to poverty reduction?**		
		Interventions by	Ms. Miho Shirotori, UNCTAD Ms. Luisa Bernal, UNDP Mr. Marcelo Olarreaga, University of Geneva Ms. Graciela Romero, War on Want
10:50-11:30h	Open debate		
11:30-12:00h	**Using Trade to empower women**		
		Interventions by	Ms. Simonetta Zarrilli, UNCTAD Ms. Vanessa Erogbogbo, International Trade Centre Ms. Mariama Williams, South Centre
12:00-13:00h	Open debate		
13:00-15:00h	**LUNCH BREAK**		

****

15:00-15:20h	***Country cases: Lebanon and Nepal (tbc)***		
		Interventions by	*Ms. Soumaya Caroline Bitar, Government of Lebanon* *Ms. Rayane Dandache, Government of Lebanon* *Nepal: tbc*

****

15:20-15:50h	**The interface between trade and productive capacity**		
		Interventions by	Ms. Lisa Borgatti, UNCTAD Mr. Ablassé Ouedraogo, Member of Parliament, Burkina Faso Mr. Anton Said, International Trade Centre
15:50-16:30h	Open debate		
16:30-17:30h	**Job creation and trade policies**		
		Interventions by	Mr. David Cheong, ILO Mr. Rolf Traeger, UNCTAD Mr. Ralf Peters, UNCTAD Ms. Esther Busser, International Trade Union Confederation Mr. Frederick Muia, International Organization of Employers
17:30-18:00h	Open debate		

Day 3: Friday, 29 November 2013

10:00-13:00h	**Invitation to the "Geneva Dialogue on the Post-2015 Sustainable Development Agenda"**[11] chaired by the **Secretary-General of UNCTAD, Dr. Mukhisa Kituyi**, and with the participation of **Ms. Amina J. Mohammed, Special Adviser** of the Secretary-General of the United Nations on post-2015 development planning
13:00-15:00h	**LUNCH BREAK**
15:00-15:30h	**Trade, environment, climate change** Interventions by Mr. Robert Hamwey, UNCTAD Mr. Lennart Kuntze, UNEP
15:30-16:30h	Open debate
16:30-18:00h	**Wrap-up debate: What has to be done so that Official Development Assistance and Aid for Trade maximizes the development impact of trade?** Interventions by Mr. Ratnakar Adhikari, EIF Secretariat Ms. Petra Lantz, UNDP Ms. Amelia Santos-Paulino, UNCTAD Ms. Judith Blank, German Society for International Cooperation (GIZ) Mr. Oscar Ekéus, Permanent Mission of Sweden in Geneva

[11] Separate programme available

United Nations
Inter-Agency Cluster
on Trade and
Productive Capacity

United Nations Conference on Trade and Development

United Nations Industrial Development Organization

Food and Agriculture Organization

International Trade Centre

World Trade Organization

United Nations Development Programme

United Nations Environment Programme

International Labour Organization

United Nations Commission for International Trade Law

United Nations Economic Commission for Africa

United Nations Economic Commission for Europe

United Nations Economic Commission
for Latin America and the Caribbean

United Nations Economic and Social Commission
for Asia and the Pacific

United Nations Economic and Social Commission
for Western Asia

United Nations Office for Project Services

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