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**SURVEY OF DAC MEMBERS' CO-OPERATION  
FOR CAPACITY DEVELOPMENT IN TRADE**

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*With amendments to the Luxembourg part only.*

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# **SURVEY OF DAC MEMBERS' CO-OPERATION FOR CAPACITY DEVELOPMENT IN TRADE**

The following Survey originates in a proposal made at the OECD Development Assistance Committee's (DAC) Informal Experts Meeting of 11 March 1997 on Capacity Development for Trade. DAC Members asked for an up-to-date and comprehensive survey which would provide a base for sharing experience, helping to identify gaps, improving donor co-ordination and enhancing responses to the trade-related needs of developing countries.

In addition to its longer-term uses for the work of DAC Members and others, the survey was a contribution to the WTO High Level Meeting on "Integrated Initiatives for Least Developed Countries' Trade Development" held on 27-28 October 1997. The WTO meeting featured a series of country-specific round tables based on needs assessments carried out by least developed countries (LDCs). This represents the start of a process for the multilateral organisations: WTO, UNCTAD, the International Trade Centre, UNDP, World Bank and IMF to respond to the needs of the least developed countries in an integrated and comprehensive manner. For this purpose, the WTO compiled a series of inventories of the trade-related technical assistance activities of the multilateral organisations according to individual recipient countries. The DAC survey, which covers the activities of bilateral donors, can provide a useful complement in the follow-up work envisaged in Geneva.

The survey is divided into two parts. Part I considers the trends in development assistance for trade development and looks to future directions. Part II presents profiles of individual DAC Members' trade-related activities, based on information sent by Members in response to a Secretariat request. The framework proposed to DAC Members for responding to this request is reproduced in the Annex.

# SURVEY OF DAC MEMBERS' CO-OPERATION FOR CAPACITY DEVELOPMENT IN TRADE

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# Part I

## FUTURE DIRECTIONS IN TRADE-RELATED CAPACITY DEVELOPMENT

### Executive Summary

1. The implementation of both the Uruguay Round Agreements and domestic economic reform programmes in many developing countries will contribute to expanding export opportunities and facilitate their gradual integration into the globalizing world economy. In contrast to the emerging economies, however, *many of the least developed countries (LDCs) who have put their faith into a strengthened multilateral rules-based system have not yet benefited from the process of globalization.* In the short run, there is even the risk that these countries will be further marginalised in the world economy unless effective measures are taken to improve their capacity to adjust to the new global environment and to improve the competitiveness of their tradeable goods and services sectors.

2. During the last two decades, the LDCs implemented successive rounds of structural adjustment programmes including trade policy reforms to open up their economies. However, the improvements of macroeconomic conditions have not triggered a spontaneous and sustainable export drive. *Structural adjustment is a necessary, but not sufficient condition for export expansion and diversification in less advanced developing countries.* Many LDCs face a host of supply side constraints, which prevent them from taking advantage of the new trading opportunities arising from the Uruguay Round. These structural impediments include a regulatory framework and government institutions that are not service-oriented to support the private sector, inadequate physical and technological infrastructure, insufficient institutional capacity in particular with respect to finance, credit, insurance, information and other trade-related services. In addition, the set of intermediate institutions needed to meet the quality requirements demanded on export markets - quality control, testing and certification of compliance with standards of export markets - is often inadequate or non-existent in LDCs.

3. *Trade development, therefore, requires a combination of macroeconomic and trade policy reforms, infrastructure and institutional development, human resource and enterprise development geared to the goal of achieving competitiveness and a sustainable export drive in new areas.* This is an extremely ambitious programme for poor countries. They will need external assistance in all these areas. Isolated actions in one of these fields will not be sufficient as long as other obstacles in other areas are still preventing trade expansion. But if there is a clear commitment of governments in these countries to overcome the major structural deficiencies it should be possible, with an integrated effort of development co-operation in the broadest sense, to pave the way toward sustainable trade development. This calls for a co-ordinated approach to trade development, orchestrating the activities of multilateral institutions and bilateral donors in the various fields related to trade promotion.

4. *The early programmes of directly targeted assistance with trade development in the 1970s were almost exclusively channelled through government trade promotion organisations (TPOs) in developing countries.* These were relatively ineffective institutions and not particularly geared to supporting private enterprise development. In addition, the macroeconomic and trade policy framework resulting from excessive import substitution strategies and overvalued exchange rates put an effective brake on the success of even the best-designed trade promotion programmes.

5. *In the light of these limited results, donors have been creative in developing a wide range of trade development activities.* With the new focus on the micro-level, aid programmes for enterprise development and trade promotion have broadened and deepened over recent years. Successful export

programmes are no longer seen as a one shot activity, but as a complex learning process in which many lessons have to be learned successively. Foreign assistance can play an important role at each of the steps leading potential exporters to develop exportable products, improve product design, increase efficiency of production processes and enhance quality control and reliability of supplies.

6. With deeper involvement in enterprise development geared toward exports, the trade promotion units within donor agencies have become increasingly specialised to this task. ***This professionalisation of export promotion entails, however, the risk of delinking from the general development co-operation programmes and neglecting the task of capacity development of counterpart institutions in developing countries.***

7. Indigenous organisations should eventually perform the different tasks involved in trade promotion themselves. The role of trade promotion organisations in developing countries is changing from government authorities to trade-related service providers. At the same time, private trade-related service providers are playing an increasingly important role. By using their services and by encouraging exporting firms of developing countries to rely on local private consultants for upgrading their production capacities and to pay an increasing share of the costs, donors can facilitate the development of markets for these services. In the transition process, ***ownership by developing country governments and local trade-related institutions should be improved by integrating them at an early stage into the design and preparation of the new integrated programmes for trade development.***

8. Even if the deepened approach of trade promotion on the supply side contributes to the development of competitive new exports, the products still have to be presented on export markets. Thus, donor agencies are still performing their original task of marketing assistance, visits of exporters to international trade fairs, organising contacts with buyers, etc. This provides for opportunities for closer co-operation with private firms - importers and outsourcing industries in the donor country - but also entails challenges in the form of distortions of competition, and conflicts over the roles of the different public and private actors. ***Public-private partnerships may open up new and innovative ways for developing countries' exports to reach OECD markets.*** It will be necessary, however, to define more precisely the roles of the public agencies and private firms, to build mutual trust and to develop an efficient division of labour.

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Part I of the Survey is based on a contribution by Dr. Jürgen Wiemann of the German Development Institute, Berlin.

## I. Globalisation and the least developed countries

### 1) *The emergence of new players in the multilateral trading system*

9. With the successful conclusion of the Uruguay Round and the creation of the World Trade Organisation (WTO) the way is open toward a truly global world economy, in which all countries will be active players following the same rules. Most developing countries and some of the economies in transition have already become members of the WTO, and most others including two of the largest countries, Russia and China, have applied for membership.

10. For the first time, both OECD and non-OECD countries have an acknowledged common interest in strengthening the multilateral rules-based system. The process of globalisation will not be frictionless, and governments will always be tempted to give way to the demands of strong interest groups for protectionist measures on the domestic market and government export subsidies. However, governments in both developed and developing countries increasingly accept the need to bind their trade and trade-related policies to the multilateral rules as a precondition for the smooth and efficient functioning of global markets for goods, services and capital.

11. For developing countries, effective dispute settlement procedures that protect the weaker members against possible unfair treatment by the large trading nations and blocks is critical, particularly in the case of some of the products for which developing countries have comparative advantages, such as textiles, clothing and certain agricultural products. The implementation of the Uruguay Round agreements will open OECD markets even in these sensitive areas and provide developing countries with reliable guarantees for market access which they need for launching new export strategies.

12. The more the developing countries have shifted from inward-looking strategies to an outward orientation, the more they have become active participants in the Uruguay Round trade negotiations. They have offered trade concessions and have accepted the new single undertaking which means that all Member countries sign all agreements of the Uruguay Round *en bloc*.<sup>1</sup> Some of these agreements concede developing countries more time to adjust, but differential treatment of developing countries in the multilateral system will be reduced over time.

13. The single undertaking nature of WTO membership also has implications for developing countries as the new agreements on trade-related intellectual property rights, on trade-related investment measures, on services, and the stricter agreement on subsidies are only the first steps in a historical process of both extending and deepening the multilateral rules parallel to the deepening of international economic integration. In future, multilateral rule-making is likely to include new trade-related areas, such as competition policy, international investment and trade and environment.

14. Governments of developing countries, like others, are binding themselves to the increasingly complex multilateral rules. This will improve the credibility of their reform commitment as policy reversals carry with them high costs. Once market reforms and trade liberalisation have been locked-in to the multilateral system, they cannot easily be dismantled and rolled back by a successor government in reaction to pressures from domestic protectionist lobbies. Credible commitment to market reforms and improved transparency of trade and trade-related policies will improve a country's business climate and help generate and attract investment. With their market reforms a number of large developing countries such as China, Brazil and India have joined the league of *emerging markets* which attract a rapidly increasing share in international capital flows.

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1. The only exception are the four plurilateral agreements on government procurement, civil aircraft, bovine meat and dairy products.

15. In contrast to the emerging markets, the *least developed countries (LDCs)* have not benefited yet from the process of globalisation. In the short run, there is even the risk that these countries will be further marginalised in the world economy: LDCs face several challenges:

- their enterprises are ill-equipped to take full advantage of the new trading opportunities opened by the implementation of the Uruguay Round;
- they have committed themselves to a demanding agenda as WTO Members for adjusting their own trade and trade-related policies, including the patent system and the treatment of foreign direct investment;
- their trade preferences are losing value as a result of the general tariff reductions which compress the preference margins;
- net food importing countries may face higher prices for their food imports as a result of the Uruguay Round Agreement on Agriculture which requires the phasing out of subsidised exports of food surpluses by major OECD countries.

## 2) *Preventing marginalisation of LDCs*

16. Empirical studies reveal that the least developed countries will face transitional challenges as a result of the Uruguay Round. There is a risk that they will be further marginalised in the world economy unless effective measures are taken to improve their capacity to adjust to the new global environment and to improve the competitiveness of their export sector.

17. If it is true that the poorest developing countries will be negatively affected by the Uruguay Round, the credibility and the stability of the multilateral system would be at risk. This calls for concerted efforts to reverse the trend of marginalisation. Right at the end of the Uruguay Round, LDCs obtained special differential treatment by the other WTO members. Net food-importing countries in particular, have been promised financial support from the international financial institutions in case of short-term difficulties in financing normal levels of imports.<sup>2</sup>

18. Differential treatment and financial compensation will not be sufficient to allow all LDCs to make use of the new trading opportunities. Many LDCs face a host of supply side constraints for efficient export, which hinder their gradual integration into the global economy. It is for this reason that Ministers committed themselves in Marrakech and in Singapore to work towards improved and expanded technical co-operation so that LDCs can make better use of the new trading opportunities offered by the implementation of the Uruguay Round Agreements.

19. In most LDCs, the long and excessive inward orientation has created a macroeconomic environment of overvalued currencies, exchange controls, import restrictions, direct and indirect taxation of exports, which are not conducive to trade development. During the 1980s, these countries accepted the need to improve their macroeconomic conditions for trade development. They have implemented successive rounds of structural adjustment programmes including trade policy reforms to open up their economies. Contrary to some over-optimistic expectations, however, the structural adjustment programmes have not triggered off a spontaneous and sustainable export drive. Structural adjustment is a necessary, but not sufficient condition for trade expansion and diversification in LDCs.

20. There are many supply-side constraints which need to be tackled:

- an excessive and intransparent regulatory framework that does not support private enterprise development;

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2. Ministerial Decision in Favour of Least-Developed Countries, and Decision on Measures Concerning Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.



- government institutions that are not service-oriented to support the private sector;
- physical infrastructure, including telecommunications, which is not adequate for efficient marketing, in particular of non-traditional goods;
- an inadequate institutional infrastructure, in particular with respect to finance, credit, insurance, information and other trade-related services;
- lack of intermediate institutions needed to meet the quality requirements demanded on export markets such as quality control, testing and certification for compliance with standards of export markets;
- a low level of education and professional training;
- lack of information on and exposure to international markets at enterprise level;
- excessive administrative barriers to foreign investment which could fill the gap in local skills and entrepreneurial capacities.

### ***3) Fostering integrated approaches to trade capacity development***

21. Trade development requires a combination of macroeconomic and trade policy reforms, infrastructural and institutional development, human resource and enterprise development geared to the goal of achieving competitiveness and a sustainable export drive in new areas. This is an extremely ambitious programme for poor countries.

22. With their limited financial and administrative capacities, these countries will not be able to remove these obstacles and make potential export firms internationally competitive. They will need external assistance in many areas, including financial support for macroeconomic adjustment, technical co-operation for trade policy reforms, the improvement of capacities of trade-related services, human resource development, and direct support to improve the competitiveness of export firms. Isolated actions in one of these fields will not be sufficient as long as other obstacles in other areas are still preventing exports from growing. But if there is a clear commitment of governments in these countries to overcome the major structural deficiencies it should be possible, with a co-ordinated effort of development co-operation, to pave the way toward sustainable trade development.

23. This requires development co-operation in the broadest sense. Existing aid programmes with LDCs could be made more effective by giving them a clear focus on trade development. Reaching the ambitious goal of generating sustainable trade development in LDCs, should at the same time contribute to meeting fundamental development objectives e.g. creating more employment and alleviating poverty. If developing countries are allowed to exploit fully their comparative advantages in textiles, clothing, agricultural products, and other relatively labour-intensive manufactured products, employment would rise and even the poorest people could find employment for the first time. Projections on the impact of the Uruguay Round on poverty show some positive correlations.<sup>3</sup> The more multilateral organisations and bilateral donors exert a concerted effort to underpin sustainable trade development in LDCs, the more positive that impact will be. The rising income levels of the successful exporting countries in East Asia - some of which have already reached OECD levels of income - reveal the potential impact of economic integration on poverty reduction, provided the export strategy is based on the comparative advantage these countries have for labour intensive manufactured goods.

24. In view of the host of impediments in LDCs to efficient manufacturing and exporting, there is a need for an integrated and co-ordinated approach to overcome these obstacles and to pave the way for the gradual integration of these countries into the global economy. Donors and recipient governments must act at three levels at the same time:

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3. Cf. Vainio (1996).

- At the **macro level**: the reform commitment of governments must be reinforced through policy dialogue; financial assistance may also be appropriate in the cast of transitional losses ;
- at the **meso level**: technical assistance is necessary to strengthen the trade-related institutional infrastructure, including human resource development;
- at the **micro level**: specific programmes should support enterprise development and provide export marketing assistance.

## II. Major trends in capacity development for trade

### *1) Limited effectiveness of indirect trade promotion through government organisations*

25. In the 1970s, the early programmes of assistance with trade development were channelled almost exclusively through government trade promotion organisations (TPOs) in developing countries, which were relatively ineffective institutions. On the one hand, sustainable export growth was hindered by unfavourable macroeconomic and trade policy conditions in most developing countries, on the other hand, government TPOs were not particularly geared to supporting private enterprise development.

26. In most developing countries, export promotion took place under macroeconomic and trade policy conditions set by import substitution strategies. Trade promotion organisations were established when governments realised that not all imports could be replaced by domestic production, in particular in the 1970s when export growth and diversification became an absolute necessity for oil importing developing countries. Set up by governments with the hope to maintain a heavily regulated economy with little exposure to international competition, these export promotion institutions did not make an effective contribution to export growth and diversification even though they had been assisted with extensive ODA resources.<sup>4</sup>

27. Government TPOs were viewed by the private sector with suspicion. They were neither independent enough to function as effective intermediaries between private export business and governments, confronting if necessary, the government with the real needs of exporting firms, nor were they experienced and motivated enough to play a role as service providers to private exporters. Therefore, donors reduced their support to these agencies and focused more on business associations as counterpart institutions for export promotion, and on direct support to enterprises with export potential.

### *2) Macroeconomic and trade policy reforms are necessary but not sufficient for sustainable trade development*

28. In the 1980s, the foundations for open trade policies and private sector development were laid with the structural adjustment and stabilisation programmes sponsored by the World Bank and the IMF. After a decade of heated debate on structural adjustment in poor countries, most governments of developing countries have accepted that there can be no sustainable trade development strategy without correcting, at least, the worst macroeconomic distortions and policy obstacles to trade.

29. The macroeconomic and trade policy framework resulting from excessive import substitution strategies put an effective brake on the success of even the best-designed trade promotion programmes. Exporting firms were at a structural disadvantage compared to their competitors in open economies.

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4. Hogan, Keesing, Singer (1991) blame the bilateral and multilateral donors' fixation on institution-building for the proliferation of needless government export promotion organizations. "In some countries systematic assistance to export marketing has been worse than ineffective, since it has diverted attention from the fundamental need for policy reform, tempting the government to believe that promotion could work the magic of structural adjustment without the need for difficult policy changes and much sustained hard work."

Restricted access to imported technologies and to essential manufacturing inputs prevented them from reaching international standards of productivity, quality and flexibility. On top of these structural impediments, an overvalued currency acted like an export tax and did not allow would-be exporters to compensate their structural deficiencies through aggressive pricing.<sup>5</sup>

30. Macroeconomic and trade policy reforms must provide the export sector with near free trade conditions so that it can operate under the same macroeconomic conditions as the competitors on international markets. An essential requirement for exports to be competitive is that exporting firms have unhindered access to imported inputs. This can be ensured by comprehensive trade liberalisation.<sup>6</sup> However, general trade liberalisation is not always appropriate (e.g. when it threatens the stabilisation objective) or politically feasible. LDCs in particular, still rely on customs revenues for a large share of their budget financing.

31. If radical liberalisation of imports is not feasible in the short run, free trade conditions for the export sector can be “simulated” through various measures and policies.<sup>7</sup> One possibility to provide exporting firms with a level-playing field for competing with foreign firms is to establish geographically or functionally defined “export enclaves”. Export enclaves may be regional export processing zones in which free trade conditions prevail. Even export firms located outside processing zones can be classified as “bonded factories” under customs legislation. A functional export enclave may also be established through the refund of duties on imported inputs required for exports (duty-drawback schemes) and through the exemption of goods produced for export from other fiscal requirements.

32. A vital prerequisite for domestic exporters to succeed against their international competitors is to have unhindered access to the various forms of export financing, including export credit insurance. Given the rather desolate state of the financial sector in many developing countries, development assistance to build up and improve the financial infrastructure for export firms will always be an important part of integrated programmes for trade development.

### ***3) Infrastructure and technology constraints of LDCs prevent efficient manufacturing and exporting***

33. Although liberalisation of foreign trade and export orientation were essential aspects of structural adjustment programmes, by no means all countries implementing them became successful exporters. The mixed results of more than a decade of recurrent structural adjustment programmes in a large number of poor developing countries demonstrate that macroeconomic and trade policy reforms are a necessary but not sufficient precondition for successful exporting. Even when they have been

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5. Development policy must face up to the criticism that the inflow of public resources in the recipient countries reduces the healthy pressure to devalue the currency and so helps to consolidate the anti-export bias. See Collier (1995) and Harrold, Jayawickrama, Bhattasali (1995), pp. 84 ff.

6. "The experiences of the successful East Asian countries provide clear evidence of the critical importance of assuring a free trade regime for all activities that generate export value added through free trade, free trade zones, bonded manufacturing warehouses, or duty exemption/drawback systems. The East Asian success stories also suggest that establishment of free trade status for export activities can lay initial groundwork for completely liberalizing imports for the domestic market. It is the single most important element in reducing anti-export bias and establishing neutral status without risking retaliation from importing countries, which is a precondition for realizing greatest potential gains from international trade." Rhee (1985), p. 89.

7. Domestic export industries can be compensated financially for the competitive disadvantages they face compared with international firms. The yardstick for compensation is the “neutrality of macro-conditions in relation to exports“. This neutrality exists when a country’s exporters are treated as equals with competitors in world markets who produce in an environment of free trade in inputs and outputs, realistic exchange rates, undistorted financial and money markets and non-discriminating tax legislation. The new Uruguay Round agreement on subsidies must not, however, be infringed, i.e. the relative disadvantages suffered by exporters must not be offset by indefinite, direct export subsidies. For the concept of "neutral status" of competition conditions for exporters see Rhee (1985), pp. 7 ff. and pp. 166 ff.

implemented and access to export markets has been liberalised, new exports do not develop spontaneously.

34. There are too many supply-side impediments that prevent LDCs in particular, from making full use of the new trading opportunities after the Uruguay Round. For example, without efficient infrastructure in the narrower sense (roads, ports, energy supply, telecommunications, etc.), exports of manufactured goods to markets that demand a quick response to rapidly changing customer requirements are inconceivable.

35. A new aspect of infrastructure is gaining in importance in this context: rapid technical advances in the telecommunications and data-processing technologies facilitate both the access to market information of all kinds from all over the world and the dissemination of information on products and enterprises even from remote places as long as computers and telecommunication systems are available. Transparent information on government and private export services in the various countries can also be obtained on-line. The UNCTAD programme of establishing Trade Points in every trading country which provide these information on-line could contribute to global networking of trade and market information.

36. However, all this presupposes the presence of a minimum level of infrastructure in terms of computer equipment and telecommunications. In many of the least developed countries, especially in Africa, this is not yet available. There is a danger that countries and enterprises that do not have access to the international data communication networks or are unable to use them because they lack the know-how and experience will lose even more ground in world trade, despite all trade liberalisation.

37. Growing emphasis is also being placed on the importance of the technological infrastructure.<sup>8</sup> This includes the ability to choose and adapt imported technologies and to adopt new management concepts that have revolutionised manufacturing in the industrial world (e.g. lean production, zero-defect production, eco-efficient manufacturing). Exporters depend on a differentiated network of technology institutions that are capable both of gathering and making information available on the qualitative requirements to be met by products in target markets and of providing the necessary assistance for the adaptation of production processes and the quality control of products.

#### ***4) From marketing assistance to enterprise development as the core of trade promotion***

38. In reaction to the limited results of indirect export promotion through official agencies in developing countries, aid agencies increasingly focused on assisting potential exporting firms directly. With the new focus on the micro level, aid programmes for export promotion have broadened and deepened over the past decades. At the beginning, there were only one-shot marketing assistance projects to bring existing products from developing countries into contact with customers in OECD countries. This was mainly done by supporting the display of these potential exports on trade fairs in OECD countries.<sup>9</sup>

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8. See Hillebrand, Messner, Meyer-Stamer (1993).

9. One of these fairs, the Berlin Fair *Partners in Progress* had been specifically established for the purpose of getting exporters from developing countries into contact with customers from industrialized countries. Both sides were offered certain subsidies or incentives to get them to Berlin. The participation of developing countries' exporters and TPOs was subsidised from the German aid budget, and the buyers were offered additional import quotas on top of the existing European quotas for certain sensitive products, textiles and clothing in particular. Before the fall of the Berlin Wall in 1989, Berlin had its own interest to attract representatives from developing countries and to make them aware of the special situation of the divided city. The final result of too many subsidies and hidden agendas was a declining interest of serious buyers in that fair. The German export promotion programmes had to learn that it is indispensable to bring sufficiently prepared exporters to the specialized fairs for their respective industries where they face the real market situation. Only at the specialized

39. In order to meet the requirements of specialised trade fairs and of professional OECD customers, trade promotion programmes had to go “upstream” and support potential exporters in developing countries to develop exportable products and to increase efficiency of their production processes, quality control and reliability of their delivery systems. These programmes start with consulting activities to improve product design and manufacturing capacities at the level of individual enterprises and they end with the presentation of products and production programmes at the relevant trade fairs in OECD countries. Successful export is no longer seen as a one-shot activity, but as a complex learning process in which many lessons have to be learned successively. Foreign assistance can play an important role at each of these steps. Recurrent support of the learning process can be conceived as *coaching* of new exporters to make their way into export markets. The time frame for integrated trade promotion programmes has to be extended.<sup>10</sup>

### ***5) Fostering sustainable commercial relationships with buyers or joint venture partners in importing countries***

40. Exports are only one end of a continuum of international business relations, with foreign direct investment at the other. In between there are many forms of more or less formal business relations: long-term buyer-seller relations, technical co-operation agreements, joint ventures, etc. The prevailing form of co-operation differs from sector to sector. In many industries, exports will be only the first step toward closer international business co-operation. The more complicated and sophisticated the products are, the more the buyers will be interested in having a long-standing contact with the supplier to guarantee production according to their specifications and steady quality.

41. Development assistance to trade promotion has to follow this trend on the level of industries. The old distinctions between export promotion and promotion of foreign direct investment which are sometimes maintained by aid agencies that had originally been established with specific mandates for either form of business co-operation, are losing importance for globalising industries that are scanning global markets for new sources, for technical co-operation partners, joint ventures, joint research projects, etc. Aid agencies see their task more and more in fostering business contacts in whatever form between companies in developing and developed countries.

42. Once an export firm in a developing country has established sustainable and long-standing business relations with a number of buyers or joint venture partners abroad it will be able to obtain advice and technical assistance from these partners which are normally more directly geared to the need of that firm than the services any central export promotion agency can offer. The most efficient channel of communication for information and technology transfer is between an export firm in a developing country and a buyer in an industrialised country. Every buyer will provide at least some information on the requirements of the target market. If the exporter proves reliable and capable of development and if longer-term commercial relations are established between him and the buyer, the buyer will be prepared to extend the transfer of information and know-how to include technical assistance with the improvement of the quality and productivity of the exporting enterprise.<sup>11</sup>

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trade fairs can they meet the professional buyers, study the products of their competitors from within the OECD countries and how they display their products and address their customers.

10. One example is the support given by the German TPO Protrade to Egypt’s shoe industry. The programme was launched as early as in 1989 and has continued, with some interruptions, until today. The first breakthrough on export markets was achieved only seven years later, in 1996. Cultural differences made it difficult for Egyptian leather and shoe manufacturers to absorb the advice of European consultants and to translate them into modern production and management techniques.

11. Egan, Mody (1992).

## **6) *Complementing trade promotion at the enterprise level by strengthening the trade-related institutional infrastructure***

43. With deeper involvement in enterprise development geared toward exports, the trade promotion units within aid agencies became increasingly specialised in this task. Some even established themselves as separate organisations in their own right. Increasing professionalisation of export promotion entails, however, the risk of delinking from the general aid programmes and neglecting the task of capacity development of counterpart institutions in developing countries.

44. Recent evaluations show that trade promotion programmes and programmes fostering wider business co-operation between developed and developing countries may be effective in their narrow task of generating new exports. They may be less effective, however, in supporting the local institutional infrastructure to improve its capacity to perform the different tasks involved in trade promotion independently. There seems to be a trade-off between the task of making exporters competitive and presenting them at international trade fairs, and the developmental task of capacity development and human resource development.

45. Aid agencies had turned their backs on government TPOs when they proved to be relatively incompetent and inefficient under the conditions of import substitution. In future, they will have to put more emphasis again on human resource development and organisational development of local TPOs and other trade-related support services.

46. The role of TPOs in developing countries will change from government authorities to trade-related service providers, combining their own capacities with those of private trade-related service firms. With respect to the multiple task of coaching local firms to become successful exporters, export promotion institutions must envisage a fundamental redefinition of their role and working methods. They must change from government authorities with multiple and sometimes inconsistent objectives - promotion of exports vs. monitoring by licensing, government monitoring of the private export industry vs. safeguarding export interests vis-à-vis the rest of the government administration, disbursing development co-operation funds vs. refunding the cost of advice - into enterprise-oriented providers of services to inexperienced exporters. Their main task is to mobilise all internally and externally available market information, management consultancy services and export promotion funds (export credits) and to adapt them to the respective needs of small and medium-sized non-traditional exporters.

47. In an increasingly complex global economy no government export promotion institution can claim to have all trade-related information and all production-oriented know-how under one roof. They must instead bring potential exporters together with specialised commercial suppliers of trade information and management consultancy. Aid agencies support this change directly through programmes of organisational development and indirectly through co-operating at least with those TPOs preparing for the change in implementing their trade promotion activities.

## **7) *Private trade-related service providers***

48. Commercial service enterprises are playing an increasingly important role alongside or even instead of public export promotion institutions. Their services range from advice on the technology and organisation of production and the development of products to information on requirements in target markets and mediation between potential exporters and potential buyers. Successful exporting countries have a diversified market for trade-related services.<sup>12</sup> One of the constraints of LDCs is the lack of specialised service providers in this field. By encouraging exporting companies to rely on private consultants for information and technical support to upgrade their products and production capacities and

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12. Successful mediation services are epitomised by Hong Kong's highly specialised small trading firms, which operate between producers and buyers in the target countries with a varied range of information and financial services. Cf. Rhee, Soulier (1989).

to pay an increasing share of the costs, development assistance can facilitate the development of markets for these services. Aid agencies are increasingly making use of local service providers.<sup>13</sup>

#### 8) *Reducing long-term dependency on aid*

49. Direct support to potential exporters can be the most effective form of export promotion. There are risks of distortions of competition and rent-seeking involved, however, against which donors have taken preventive action. The most effective measure seems to be some sort of cost sharing between aid agencies, local TPOs and the firms benefiting from export promotion programmes. Some donors are experimenting with cost sharing schemes. With companies becoming used to paying for external consultants, a market for private trade-related service providers develops.

50. Making exporters pay at least part of the consultancy offered through trade promotion programmes also contributes to the development of private trade-related services which are necessary to provide exporters in a flexible way with the necessary information on the rapidly changing conditions on export markets, technologies, government regulations etc., and provide technical support for adjusting to these requirements. Further advantages include:

- only firms with some potential for exports are willing to share the costs of the promotion programme;
- distortions in competition between companies participating in the programme and others outside can be avoided;
- conflicts with importing countries over the issue of excessive subsidies to exports (WTO Agreement on Subsidies) can be avoided as well;
- firms in developing countries used to paying for private business consultants will ask for efficient services and thus perform the “natural selection mechanism” which leads to a steady increase in the quality standards of the services provided;
- cost recovery allows for more companies to be included in a programme with a given aid budget;
- ODA to trade promotion can be phased out gradually by reducing the external share in total costs.

51. There is little information on the details of cost sharing as implemented by individual aid agencies.<sup>14</sup> Transparency and co-ordination between donors must be enhanced in order to make cost sharing as effective as possible.

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13. Encouraging exports indirectly by supporting trade-related services has the additional advantage of not raising opposition on the side of competing industries in importing countries against excessive direct subsidies to exports from LDCs. Although these countries are exempt from the more stringent rules against direct export subsidies in the new WTO Agreement on Subsidies, they are well advised not to raise suspicion due to unfair subsidisation of exports.

14. An interesting model showing how new commercial providers of services can be promoted and potential export firms can also be induced to pay for their services is a cost-sharing financing model (*Grant Fund Scheme*) being used by the World Bank in some developing countries (e.g. India). The Grant Fund is used to meet a gradually decreasing proportion of the cost to potential export firms of measures to improve their range of products or export marketing. This is principally intended to cover the cost of commercial services. The decreasing nature of the cost-sharing is meant to ensure that companies learn to appreciate the value of such advice and do not submit themselves to services merely to obtain additional promotional funds. It also encourages the providers of services to gear themselves to results. Keesing, Singer (1991b), pp. 28 ff.

### 9) *Experimenting with new forms of import promotion*

52. Even if the deepened approach of trade promotion on the supply side contributes to the development of competitive new exports, they still have to be presented on export markets. Thus, donor agencies are still performing their original task of marketing assistance, visits of exporters to international trade fairs, organising contacts with buyers, etc. These activities overlap to some extent with activities of private firms - importers and outsourcing industries in the donor country. This provides for opportunities for closer co-operation but also entails challenges in the form of distortions of competition, and conflicts over the roles of the different public and private actors. *Public-private partnerships*<sup>15</sup> may open up new and unconventional ways for developing countries' exports to OECD markets. It will be necessary, however, to define more precisely the roles of the public agencies and private firms and to develop an efficient division of labour between both sides.

53. European agencies for trade promotion begin to see the potential for closer co-operation in promoting exports from their partner countries to the Single European Market as a whole. Even if there are still differences between national markets in terms of consumer tastes and marketing channels, these differences tend to lose relevance, and government regulations and product requirements are being harmonised or mutually recognised, so that there is a growing potential for European-wide marketing efforts and promotional campaigns. Since there is little public support for establishing new European organisations, the existing national agencies have formed a network (Forum) for enhancing co-operation among themselves.

### 10) *Flexible responses to new challenges: the constructive role of development co-operation in the trade and environment area*

54. Reconciling the integration of developing countries into the globalising economy with the goal of sustainable development will be one of the most important tasks for official development assistance in the future. Trade promotion programmes of most donors have quickly absorbed the new issue of trade and environment which has become one of the most important and contentious issues for North-South trade. Aid agencies active in the field of trade promotion have realised that the new challenges for developing countries' exports resulting from the host of new environmental regulations and requirements on OECD markets gives them an important role at the interface between trade, environment and development co-operation.<sup>16</sup> They provide developing countries' exporters with early information on the new eco-requirements prevailing on export markets and arrange for consultancy and technical assistance exporting firms need for adjusting both their products and their production process methods (PPM) to them. At the same time, some of them support the development of new eco-labels and social labels in their own countries (e.g. the German Rugmark for carpets which have not been knotted by children) in order to keep the markets open for 'acceptable' exports from developing countries. By reporting back home how their programmes help to increase the awareness of exporters and producers in developing countries for environmental issues, aid agencies help to defuse the growing pressure in some OECD countries for introducing protectionist measures against alleged eco- (and social) dumping from developing countries.

55. Alongside the donor agencies, a number of non-governmental organisations (Fairtrade, Max Havelaar) have established alternative trading channels with developing countries and the European Fair Trade Association, which claims to have 65 fair trade organisations, trying to promote exports from developing countries that comply with certain criteria for ecological production and social responsibility. There is some co-operation with official agencies in promoting these specific products.

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15. Cf. Foerster, Wolff (1997).

16. Refer to: OECD/DAC Workshop on Underpinning New Opportunities for Green Trade, Paris, 2-3 July 1997; Reconciling Trade, Environment and Development Policies: The Role of Development Co-operation, OECD, 1995; Case Studies of Donor Activities at the Trade-Environment Interface, OECD, 1997.



### III. Conclusions and recommendations for donors

56. The conclusion of the Uruguay Round, the successful model of the East Asian NICs, and the increasing interest of most other developing countries to follow them, offer the historical opportunity to focus international development assistance on the task of supporting the integration of the weaker and the least developed countries into the global economy. This would make them less dependent on official development assistance.

57. *The least developed countries should be offered the most liberal access to OECD markets possible.* Yet, even if OECD and the more advanced developing countries make new preferential trade concessions to LDCs, the latter must be prepared to meet the challenges of global competition. The general trend of multilateral trade policy points in the direction of further global liberalisation, which means that, in the medium and long-term future, special trade preferences for LDCs will lose value. OECD governments could further enhance the development of markets for LDCs' exports by opening their public procurement systems to LDCs even before they have signed the WTO plurilateral Agreement on Public Procurement. Public procurement within aid programmes in particular should not be tied to purchases from national sources of the donor but should make use, as much as possible, of the supply capacity of LDCs themselves. By scanning the supply capacities of neighbouring developing countries, donors could stimulate South-South trade. Further serious measures to reduce the tying of donors' aid programmes would reduce one clear inconsistency in OECD Members' trade policies and eliminate a source of inefficiencies.

58. *Donors should look for possibilities to implement the integrated approach to trade development on a regional basis.* If the prospects for regional integration are promising as they are at present in many developing regions, donors should encourage closer integration of LDCs into regional trading systems. Export promotion should not be confined to exports to OECD markets only but should also support exports to the region. By employing consultants and other trade-related service providers from neighbouring countries, donors can also support the development of a regional market for these services.

59. *LDCs have not been at the centre of bilateral trade promotion programmes. Donors are well advised to extend their programmes to these countries gradually.* They should avoid, however, creating unrealistic expectations that it will be possible to overcome the structural constraints of these countries in a short time. There are too many reasons why these countries are least developed: political instability, poor governance, deficiencies in infrastructure, underdeveloped private sector, lack of technological capacity and training. Development assistance has so far not been able to overcome these supply-side deficiencies and trigger self-sustaining economic growth in LDCs. In view of their often limited administrative capacities and the risk that too many aid programmes induce rent-seeking by counterpart institutions and enterprises, technical assistance for trade development should be stepped-up gradually following the requests from recipient governments based on careful needs assessments. Recently some LDCs have been able to "turn around" through credible commitment of governments to market reforms. Donors should reward credible reform commitment by governments of LDCs without delay and commit themselves to substantial financial and technical assistance for trade development. Foreign investors will follow suit and support private enterprise development.

60. *Effective co-ordination of donors' programmes is particularly necessary in the case of LDCs. Without improved donor co-ordination there is the risk that too many competing trade promotion programmes in one small country distort the incentive structure of both public servants and private entrepreneurs.* Some *over-aided* developing countries are illustrative of this risk. Decision must be taken on new institutional arrangements to facilitate exchange of information and to provide for more consultations between the agencies' headquarters and at the level of the recipient country, before making decisions on projects, programmes, counterpart institutions, and conditions for development co-operation. One of the bilateral donors or one of the multilateral agencies could, for instance, play the role of "lead donor" for individual LDCs, taking responsibility for a co-ordinated approach and facilitating communication and co-ordination with the local government and trade-related institutions.

61. ***The integrated approach should not become too donor-driven. Ownership by recipient governments and local trade-related institutions should be improved by integrating them at an early stage into the design and preparation of the programmes.*** The WTO High-Level Meeting (27 - 28 October 1997) provides an opportunity to discuss mechanisms for a close, needs-driven co-ordination among multilateral and bilateral donors and between donors and recipient governments. Donors should be patient with recipient governments and local institutions when jointly assessing the needs and working out plans for the implementation. Donors should be aware of the political environment for macroeconomic and trade policy reforms and for private enterprise development. There will always be some groups fearing that they may lose from market reforms.

62. ***Trade promotion must be reconciled with the goal of sustainable development (Agenda 21).*** Aid agencies already play an important role by supporting the necessary adjustments of exports from developing countries to the new environmental standards and requirements prevailing on OECD markets. Development co-operation in the field of environmental protection and efficient management of natural resources can help to improve the local capacities for effective environmental policies including the monitoring of export firms for their compliance with environmental regulations. Positive measures of development co-operation can contribute to cost savings and eco-efficient production as well as prevent green trade conflicts between developed and developing countries. Before major new export areas are opened up, an environmental impact assessment should reveal the 'true' costs of these exports, including the hidden environmental costs of resource depletion, environmental pollution, and intercontinental transport. NGOs concerned about the environmental and social dimensions of international trade should be invited to participate in the preparation of programmes in order to broaden ownership of the programmes.

63. ***One of the secrets of the East Asian export success is the close co-operation between governments and private business which is built on mutual trust and well defined roles in the division of labour between both sides.*** This culture does not exist in many LDCs. Often, there is mistrust between public and private sector representatives. This does not facilitate the necessary interaction and dialogue between both sides on trade and macroeconomic policy making. Donors can play an extremely important role in building up mutual understanding and communication by bringing together representatives from the public and private sectors of the partner country, e.g. through joint programmes for training in the field of trade policy making and export promotion, instead of providing training to each institution and sector (neatly separated) one by one.

64. ***Export promotion programmes should not confine themselves to the export aspect of globalisation alone. They must be able to respond flexibly to the needs of different industries and individual companies.*** They should serve as intermediaries for establishing sustainable business relations in whatever form between firms in developing countries and firms in their own countries. With respect to the underdeveloped private enterprise sector in many LDCs, improving the legal and institutional framework for foreign direct investment might be even more relevant in the short term than promotion of non-existent exports.

65. ***Donors must avoid creating long-term dependency on trade promotion programmes.*** By strengthening the institutional infrastructure, in particular private trade-related services, and supporting human resource development, donors have to provide for the eventual take-over by local institutions and consultants of the functions previously performed by aid agencies and international consultants. Trade promotion programmes should be phased out gradually. The phasing-out can be facilitated through mechanisms of cost-sharing with local institutions and private export firms, which some donors have already introduced in their programmes providing technical consultancy and marketing support to private enterprises.

66. Donor co-ordination with respect to fees and subsidies within trade promotion programmes is particularly relevant. ***In order to prevent opportunistic behaviour on the recipient side, there must be an agreement, at least transparency, among donors on the criteria and conditions for cost-sharing.*** As long as some donors offer softer conditions to their assistance, recipient institutions and firms will be

tempted to escape the conditions of the “tougher“ donors. There are also reports of exporting firms shopping for marketing support from one donor to the next. Only improved transparency and donor co-ordination can prevent this opportunistic behaviour.

67. ***Import promotion in the OECD countries must be enhanced.*** “The Integrated Programme for Least Developed Countries’ Trade Development” should be accompanied by a public relations campaign to raise awareness within OECD countries of both the export potential of LDCs and the commitment of multilateral organisations and bilateral donors involved to combat the threat of marginalisation of these countries in an increasingly competitive global economy. By demonstrating their willingness to complement global market forces with active policies aiming at improving the opportunities of both the weaker sectors in their own countries and the weaker countries world-wide to better participate in and benefit from the globalising market economy, OECD governments could take the steam out of the debate on whether globalisation has gone too far. Active governments committed to international solidarity with weak countries can prevent the fears voiced in this debate from leading to a protectionist backlash in OECD countries and from provoking another inward-looking phase in developing countries.

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## Part II

# DAC MEMBER PROFILES

### Scope of Study

68. Part II of the survey is based on documentation provided by DAC Members in response to a Secretariat request reproduced in the annex. DAC Members' responses point to noticeable variations in the scope of their development co-operation activities for trade development. Many DAC Members found it difficult to isolate direct trade development activities from country-level programmes which have an indirect impact on trade. It should be noted also that most, but not all, DAC Members treated the question of market access as beyond the scope of this survey. Moreover, a few Members limited their coverage exclusively to the least developed countries (LDCs). Nevertheless, an attempt has been made to organise the responses according to the structure proposed in the request for information: i.e. the multilateral framework, national policy making and trade enhancement. Some highlights from the survey are presented below.

### The multilateral framework

69. A number of DAC Members such as Australia, Canada, Japan, New Zealand and the Nordic countries devote resources towards helping developing countries understand better **the implications of international trade rules and the Uruguay Round agreements** such as in agriculture, textiles and clothing, dispute settlement and intellectual property rights. Many donors try to help build analytical and negotiating capacities and help developing country officials participate more effectively in standard setting or other international negotiations.

70. Donors provide an increasing range of assistance to help developing country exporters **comply with new environmental, food safety and health requirements in OECD markets**. The CBI (Netherlands), Sida (Sweden), GTZ (Germany), CIDA (Canada), and the European Commission are all active in this area. Support includes the provision of training and information through workshops, seminars, manuals or data banks. Development agencies also provide support for enhancing environmental standards in developing countries, improving testing and certification capacity and diversifying production into organic products.

71. **Promoting regional co-operation** and integration is also an important means for many DAC Members to help stimulate trade among neighbouring countries. The European Commission, France, the Netherlands, the United Kingdom, the United States and the Nordic countries all provide support to some regional arrangements in Africa, including the SADC, COMESA, ECOWAS, and UEMOA as well as to the West Africa Enterprise Network. Australia, Japan and New Zealand provide support primarily to ASEAN, APEC and the South Pacific Forum; Canada, the European Commission, the United States and the Netherlands provide support to Latin America and the Caribbean, and to the Central American region through the FECAEXA group which consists of all Central American trade promotion organisations.

## National policy making

72. DAC Members actively pursue efforts to strengthen institutional and human resource capacities in the public sector, often in the context of structural adjustment programmes. Measures may include the rationalisation of tariff structures and customs regimes, trade policy training, strengthening of ministries or departments responsible for trade policy, direct support to delegations participating in trade negotiations and promoting dialogue between the public and private sectors.

## Trade enhancement

73. DAC Members concentrate on specific programmes to enhance export capacity in developing countries. Trade enhancement programmes include both the demand side (sales promotion, packaging, advertising and product presentation at trade fairs) and the supply side (product consulting, testing and accreditation, market sector analysis and product development). Many donors stress the importance of infrastructure development including telecommunications and transport, human resource and institutional development as well as enhancement of the entrepreneurial capacities of local exporters.

74. Past experiences of bilateral donors in trade-related technical co-operation have led to the conclusion that the integrated nature of competitive trading requires interventions at several levels simultaneously for success: policy making, private sector development and institutional development. Donors actively pursuing this integrated strategy include the European Commission (EC), Germany, the Netherlands, and Switzerland. The EU, for example, proposes to carry out a “Trade Health Check” prior to any donor intervention in the trade development process to identify the obstacles to

competitiveness and define a sequence of interventions. A regular dialogue will then be encouraged to foster commitment from all stakeholders, co-ordinate interventions and design an integrated programme with different roles for different actors. It is proposed that this sequence precedes the design of integrated programmes and the determination of the differing inputs from all stakeholders. Such programmes will be demand driven, characterised by ownership and participation of all stakeholders and will have clear time horizons.

75. One important feature of the integrated approaches is an increased emphasis on private /public sector partnerships. Cost sharing principles between donors’ trade advisory services and exporters in partner countries are becoming more widespread.

76. From the information provided, it is difficult to assess the degree of donor co-ordination in the area of trade development. Some interesting examples do appear including the European African Co-operation for Handicrafts (EACH) which is funded by the European Development Fund and GTZ/Protrade (Germany), or the Eco Trade Manual covering environmental regulations and standards in OECD markets which is funded by CBI (Netherlands), Norad (Norway), Danida (Denmark) and Sida (Sweden). In some other cases, however, the co-ordination appears to be ad hoc.

# AUSTRALIA

77. The Australian Agency for International Development (AusAID) provides technical assistance to developing countries which aims specifically at enhancing their trading capacities. The following provides an overview of current AusAID activities in support of trade capacity building and economic governance as well as a short description of individual projects and programmes.

## The multilateral framework

### *Uruguay Round agreements*

78. Programmes and projects in this area aim to help developing countries understand and implement international trade rules (including meeting environmental, health and food safety requirements) and to facilitate the transition to competition through regional co-operation/integration.

79. AusAID programmes focus primarily on countries in the Asia Pacific region. Assistance is also provided to Zimbabwe and Zambia. The main activities include:

- extrabudgetary contributions to the South Pacific Forum Secretariat (SPFS) to promote regional economic and trade co-operation between the 14 Pacific island members and the two donor members;
- studies and pamphlets on the gains to APEC economies of trade and investment liberalisation;
- trade policy courses;
- projects to harmonise standards and performance tests in construction and engineering;
- intellectual property rights seminars.

### *Environmental requirements*

80. Australian assistance in this area benefits Indonesia and other South East Asian countries. Projects include:

- urban environmental planning, maritime pollution prevention, clean coal technology and environmental management trainee programmes; and
- health and safety advice on food regulation and manufacturing practices.

### *Regional co-operation and integration*

81. Australian aid in this area focuses primarily on developing countries in APEC. APEC Support Programmes include: analyses of regional trade opportunities; harmonisation of standards in telecommunications, construction and engineering; training strategies on maritime conventions; and support for a regional business travel card.

## National policy making

82. Technical assistance in this area is intended to strengthen public sector human and institutional capacity, including trade policy training, public/private sector dialogue, and tariff and customs regime rationalisation.

83. Australian aid is helping the Philippines improve competitiveness in international trade through an advisory services facility, and Indonesia and Malaysia to analyse key agribusiness issues. In the South Pacific, Australia is helping countries implement essential economic and public sector management reforms which include: natural resource management; foreign trade and investment policy; and

reforms to tariff and customs regimes in Samoa, Tonga, Fiji and Kiribati.

## Trade enhancement

84. The major part of AusAID trade development aid promotes exports through trade-related infrastructure and human and institutional capacity strengthening:

a) Projects for the promotion of *trade-related infrastructure* include:

- APEC labour market studies and a workshop on an APEC trade and investment database;
- the Mekong Telecommunications Forum;
- the Investment Promotion Unit in the Samoan Department of Trade and Industry.

b) Projects to build *human and institutional capacities* include:

- the Vietnam Legal Sector project, which seeks to improve the legal and English-language skills of Ministry of Justice officials in international law to assist participation in the world economy;
- engineering accreditation projects in Indonesia and the Philippines;
- training in port management and pollution control in Indonesia and the Philippines;
- training accreditation personnel at the National Testing Authorities in China and Korea.

c) AusAID **export development** projects include:

- substantial funding for the South Pacific Trade Commission;
- programmes to support international recognition of the National Standards of Measurement for the Philippines and Vietnam.

85. Following this overview of AusAID trade-related development co-operation programmes, a brief description of two projects with China and the Philippines is provided below.

### *The China economic and foreign trade training project*

86. AusAID is working with the Peoples' Republic of China to put in place a trade regime which conforms with Uruguay Round Agreements and improves possibilities for becoming a member of the WTO. AusAID is preparing a four year A\$7 Million project, of which China will contribute A\$2 Million, which aims to establish a range of specialised training geared to expand China's capacities in international trade. The components of the project include:

- Twelve middle-level policy-makers will follow a ten-month postgraduate course in economics and foreign trade in Australia, so as to build a core group of people with understanding of the new trading regimes. On their return to China, these officials will be involved in the in-country components of the project.
- A wide range of in-country short courses will be developed and delivered in collaboration with Chinese officials who will then become the trainers for an ongoing training programme. Course topics are expected to be: intellectual property rights; anti-dumping; non-tariff measures; dispute settlements; tariffs and tariffication; safeguards; standards; quarantine; customs; agriculture; and services. Support for trainers will include study tours to examine Australian systems.
- Research projects which examine the benefits and costs of trade agreements. These projects will involve both Australian and Chinese institutions which will be selected by a competitive process.



- Establishing an institutional link between China's University of International Business and Economics and an Australian university to improve the capacity to sustain training after the life of the project. This component will involve staff training, focused study tours, and staff exchanges to foster wider experience in teaching and research on international trade issues.

***The Philippines technical advisory services facility project***

87. The project will assist the Philippines' economic liberalisation programme and promote trade, investment and private sector development. It is implemented in association with UNDP. The UN Office of Project Services will manage the project and identify Australian and New Zealand expertise to provide in-country assistance for activities of up to six months. One of the priority sectors for assistance is international competitiveness. Specific expert assistance is expected to be provided on:

- trade policies and strategies;
- patents and intellectual property rights;
- tax reform and financial sector reform;
- policies related to market competitiveness, privatisation, commercialisation and development of corporations;
- standards and conformity;
- customs procedures;
- international commercial law;
- product development, promotion and marketing; and
- contract specification and negotiation.

## BELGIUM

88. Belgium has relatively limited experience in trade-related activities. Most development co-operation activities in this area concentrate on building capacity for small and medium-sized enterprises (SMEs) to produce quality goods, find reliable trading partners, adapt to new technologies and gain access to developed or regional markets. Much of the support for SMEs is optimised through co-financing with the Centre for Industrial Development, UNIDO, the International Trade Centre and the African Project Development Facility. Belgium also provides direct support to the representatives of least developed countries to participate in various international trade meetings.

89. At the bilateral level, Belgium has supported trade-related programmes in North Africa. These programmes involved the funding of experts or of training in various sectors:

- development of new seeds to facilitate the production of suitable products for export;
- support for producers and sellers with a view to enhance commercial prospects for exports of fruits and vegetables;
- support for local organisations which aims to promote agricultural investments or exports;
- development of seedlings in vitro.

90. In the future, Belgium plans to take a more active role in trade development activities in its bilateral programmes. Once reforms currently underway in Belgian Development Co-operation have been completed, a new Programme of Co-operation with the Private Sector will be launched. This programme aims to contribute to sustainable economic development and facilitate integration of least developed countries in national and international trade channels through support to SMEs and by encouraging collaboration with Belgian SMEs. It will consist of:

- support for the development of SMEs in a limited number of countries and through the provision of direct or indirect financial means accessible to SMEs;
- encourage Belgian SMEs to invest in and collaborate with SMEs in the least developed countries by providing targeted information and financial incentives, in order to create long-term and balanced relationships.

91. Belgium will aim to ensure that this programme is fully consistent with other Belgian geographic, thematic and sectorial policies and strategies. It will also continue to fully support the work on capacity development for trade in other multilateral fora including the OECD, WTO, UNCTAD, the International Trade Centre and other organisations.

## CANADA

92. In Canada, trade-related development co-operation is mainly provided by CIDA, the Trade Facilitation Office of Canada (TFOC), and the International Development Research Centre (IDRC). A selected number of the many relevant projects and programmes are summarised below.

### The multilateral framework

#### *Uruguay Round agreements*

93. Canada provides technical assistance to developing countries for trade policy making in the context of accession to WTO and in adjusting to the Uruguay Round agreements. These activities focus on Asian and African developing countries and to a lesser extent on Latin America and Eastern Europe (Russia). Typical examples in this area are:

- Trade policy seminars for Pakistani government officials focusing on accession to WTO, and to key players in the private sector as a result of the Uruguay Round.
- The Vietnam/WTO Training Project (1995) is expected to help consolidate Vietnam's economic reforms and support Vietnam's accession to the WTO.
- Support to the Organisation of Eastern Caribbean States (OECS) to strengthen capacity in trade policy issues, including legislative and regulatory obligations under the WTO and their implications in preparing policies for trade liberalisation (1996).

94. IDRC supports UNCTAD programmes towards the implementation of the General Agreements on Trade in Services (GATS) in Africa (1997). This

project will also provide analytical studies for all Sub-Saharan African members of WTO in preparation for the new round of negotiations on trade in services.

#### *Environmental requirements*

95. Assistance is mainly channelled through projects for technology transfer and for training activities. In addition, IDRC provides assistance on eco-labelling and trade. Typical examples are:

- Promotion of conservation and sustainable development in Costa Rica: protecting the country's biodiversity which serves as the foundation of the tourism industry, the country's most important source of foreign exchange.
- Assistance Programme for the International Centre for Training and Technology Transfer. This project provides for the needs of technical staff in the mining industry and will strengthen environmentally friendly practices to comply with international standards. (Regional Programme, 1997.)
- The Environmental Training Project for the Brazilian industry (1995) aims to support the adoption of environmentally sustainable processes and technologies in Brazilian industry through fellowships and technical assistance.
- IDRC supports UNCTAD's work on eco-labelling and trade (1993) which analyses impacts on a selected group of LDC exports.

#### *Regional co-operation and integration*

96. CIDA provides support for regional integration through the following projects:

- Support for strengthening organisations and institutions in Southern Africa in the planning and operation of an efficient transport system.
- Caribbean Trade Issue Project: To develop a body of research about likely implications to the Caribbean economies of the ongoing relations in the Western hemisphere focusing on NAFTA.
- SPPE-HQ-Project (1996): This project intends to increase the Government of Vietnam's capacity to participate in international organisations, particularly ASEAN, and to enhance the effectiveness of public administration officials.
- The Zambia Economic Support Project Phase II (1993): Through this project Zambia receives assistance for the development of long-term viable business and financial links with other countries of the region.

## National policy making

97. CIDA provides technical assistance for *policy formulation and implementation* to all developing regions. Interesting examples in this area are:

- Vietnam: Support for strengthening the public sector's capacity to develop and implement sound, equitable and environmentally sustainable economic and social policy, of which trade policy is a component.
- The Advisory Committee for Regional Initiative Support Project (1996) contributes to the development of longer term initiatives for capacity building in trade policy reform based on demand for such assistance from countries in the region (Latin America and Caribbean Region).

## Trade enhancement

98. In the area of trade enhancement the focus is on strengthening the entrepreneurial capacity, in particular:

- The Private Enterprise Participation Project in India (1995) intends to enhance the managerial and technical capacity of small and medium-sized enterprises, recognising that they are a primary engine of economic growth and potential exports.
- The project on agar production from aquaculture seaweed in Sri Lanka (1995) aims to improve the current techniques and introduce new technology through all stages of processing seaweed into agar which is used both domestically and for export.
- Support to the private sector in Haiti (1996) aims to improve the competitive positions of private sector enterprises and to strengthen small and medium sized enterprises through the provision of advice to enhance business management capacity in such areas as international standards, financial management and external trade.
- Management training is provided to various Asian countries in the area of regional planning, finance, international marketing, trade, environmental planning and assessment (Capilano College, 1996).
- The Trade and Sustainable Development Knowledge Network (IDRC, 1997) creates a multi-country knowledge network on trade and sustainable development issues facing governments (China, Pakistan, Argentina, Central America, South Africa).

99. In the area of *export development* typical programmes/projects are:

- Assessing the potential business opportunities of establishing a joint venture in Mexico and Haiti for the assembly of T-shirts for export to the American market (Mexico/Haiti).
- The promotion and diversification of agricultural exports (Phase I and II, 1994, 1996) aims at increasing the export of non-traditional agricultural exports (Ivory Coast).

100. Besides the direct funding of projects in support of trade development, CIDA also provides assistance to the International Development Research Centre (IDRC). A new programme initiative by IDRC supports developing countries in their efforts to participate more actively in the global economy. The envisaged research activities will contribute to trade development specifically in three ways:

- focusing on emerging issues in international trade relations, such as labour standards, the environment, investment codes and trade services;

- strengthening the domestic and regional policy responses to globalisation;
- supporting a number of networks of economists in Africa and Latin America that include trade among their major preoccupations.

101. The following IDRC-Projects are of special interest here:

- The project on import liberalisation, industrialisation and technological capability in Sub-Saharan Africa (1994) examines the impact of liberalisation on the technological capabilities of firms operating in the domestic market. Recipients are the Chambers of Commerce of Kenya, Lesotho, Mauritius and Zimbabwe;
- Production of a set of studies centred on bargaining strategies and conflict resolution mechanisms with regard to international environment and economic negotiations (1995) for the Facultad Latinoamericana de Ciencias Sociales (Region: Global).

## The mandate and activities of the Trade Facilitation Office of Canada (TFOC)

TFOC was created in 1980 in response to a request from UNCTAD to establish an Import Promotion Office to assist developing countries in taking advantage of the trade liberalisation effects of international trade agreements and therefore contribute to the advancement of their economic well-being. TFOC does this by assisting developing country exporters to improve their export capabilities and to establish private sector linkages with Canadian importers.

TFOC operates in the following way: i) as a non-profit, non-governmental organisation, funded by CIDA; ii) through practical commercial assistance, operating through a small management group, using Canadian consultants; and iii) under the management of a board of directors drawn primarily from Canada's private sector importing industries. To accomplish its goals, TFOC developed three programmes, a Re-active Programme, a Pro-active Programme and a Development Programme.

1. **The Re-Active Programme** enables TFOC to respond to the export offers from companies in all developing countries. The Programme consists of:

- producing publications: newsletters (*ImportInfo*), Market Information Papers, a Handbook on Exporting to Canada and other market briefs;
- maintaining a databank of capable, proven Canadian importers and a databank of experienced exporters;
- analysing and responding to inquiries from developing country exporters and from Canadian importers.

2. **The Pro-Active Cost-Sharing Programme** establishes business linkages between developing country exporters and Canadian importers. It operates under a series of Memoranda of Co-operation with the private sector exporters' associations of the target countries and calls for cost-sharing by the target country participants and by Canadian importers. Each of the TFOC developing country pro-active projects involves:

- selecting a consultant to review potential products;
- researching the characteristics of the Canadian market, including competitive factors, prices and product quality;
- preparing and presenting a seminar on export to Canada;
- identifying export-ready manufacturers and potential exporters through individual meetings with the companies;
- producing outgoing missions of Canadian importers to meet with exporters in their sectors;
- producing incoming missions of exporters to Canada, where possible in conjunction with a relevant trade show incorporating training on how best to operate in the Canadian market and to meet with importers in their sector.

Each country project takes approximately 18 months to complete from the negotiation of the Memorandum of Co-operation and selection of products, to the completion of the last mission.

3. **The Development Programmes** are designed to address two different kinds of training needs:

- A newly emerging market economy whose exporters need skills in marketing and customer service. (Vietnam was chosen.)
- A region requiring new policies to deal with disruptions in normal trading patterns resulting in a new level of competition in old markets and a need to find new ones. (The Caribbean Region was chosen.)

### *Training and development*

Several training sessions have been organised since October 1994 for the benefit of the Ottawa-based trade representatives of the developing countries. These included: general trade policy issues, Canadian experience with NAFTA, electronic commerce, trade fairs, the General Preferential Tariff, and import controls on textiles.

### *Market studies*

Over the past three years, 36 market studies have been carried out for TFOC client country Embassies and High Commissions through a highly successful joint marketing project between TFOC and the University of Ottawa International Master's of Business Administration Programme. This represents a market value to the countries and the exporting companies involved of approximately US\$360,000.

# COMMISSION OF THE EUROPEAN COMMUNITIES

## *Trade development strategy for Africa, Caribbean and the Pacific (ACP) countries*<sup>17</sup>

102. The Trade Development strategy of the European Commission (EC) seeks to incorporate the objectives of development policy and the comparative advantage of the EC vis-à-vis other donors. Trade development support by definition primarily serves the objective of smooth and gradual integration in the world economy. Trade development support by the Community does not, however, foster growth blindly by enhancing international competitiveness, but ensures that such growth is supportive of the broader objective of sustainable and socially equitable development and poverty alleviation. In accordance with Article 130u of the Treaty of Maastricht these objectives are:

- sustainable economic and social development of the developing countries, particularly the most disadvantaged;
- smooth and gradual integration into the world economy;
- alleviation of poverty.

103. An important part of the EC trade development policy is covered by the Lomé Convention which governs the relationship between the EC and the ACP countries. However, despite the various instruments of

trade development support to ACP countries, including national, regional and ACP programmes, and the almost duty-free access for essentially all products from ACP countries, the impact of the EC policy on ACP trade flows has been relatively modest and has not prevented a loss of ACP countries' market share.<sup>18</sup>

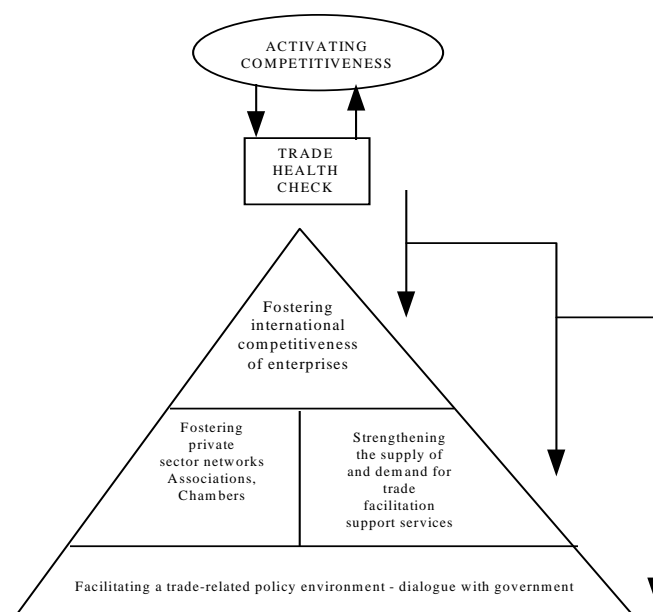
104. To improve ACP trade performance the European Commission therefore proposes a more strategic approach to trade development as a process which is influenced at three broad levels: the trade-related environment; that of the enterprises; and that of the providers of specialised services "in between"; the latter can again be subdivided into private sector associations and chambers of commerce, private firms and institutions (Fig. 1). Donor interventions should avoid distorting the market. Any intervention should only be made to overcome market failures and to "kick-start" market forces. This implies that donors should not intervene unless there is a clear commitment from government that it will take the necessary steps to create an enabling and transparent environment for trade development. It also means that where a dynamic private sector is already operating within a liberal, equitable and supportive trade environment, no further donor interventions are required nor desirable in order to enhance international competitiveness.

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17. The following is an outline of a draft strategy presently under discussion within Directorate General VIII -- Development. It is included here only to provide an indication of the significance that the Commission attaches to Capacity Development in Trade, as an early indication of the Commission's views on priority issues and as a clear illustration of the active role that the Commission plays in creating a consensus on best practice in this area.

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18. The activities briefly described hereafter under paragraphs 107-118 may give an indication of the wide range of instruments available under the Lomé Convention. More details can be found in the "Communication of the European Union to the WTO in view of the High Level Meeting on Integrated Initiatives for the Least Developed Countries' Trade Development" (WT/LDC/HL/6)".

**Figure 1. The Pyramid of Trade Development**

### *Lessons of experience in trade development programmes and initial conclusions*

105. Based on past experience, and according to most evaluations of previous trade development programmes, European Union donors have come to the following conclusions:

- The integrated nature of competitive trading requires a programme of intervention which ensures that all necessary supportive factors are in place (**integrated approach**).
- The most effective way to increase competitiveness involves targeting the private sector. (**private sector focus**).
- The integrated approach and the private sector focus imply that:
  - Prior to any donor intervention in the trade development process, a Trade Health Check (THC) should be carried out to identify the

obstacles to competitiveness and define a sequence of interventions.

- A regular partnership dialogue should be encouraged to foster commitment from all stakeholders, co-ordinate interventions and design an integrated programme with different roles for different actors.

106. Based on these conclusions, the EC has elaborated a new approach to trade-related development co-operation and has taken a number of initiatives to implement programmes and projects in this direction. As the Community is the major trading partner and the most important donor for the ACP countries, it commands a strong political credibility with ACP. Against this background the EC is prepared to take an active role in trade development, and to assume responsibility for the identification and the definition of integrated trade development programmes, including co-ordination in accordance with the partnership dialogue.



## The multilateral framework

### *Uruguay Round agreement*

107. With technical input from WTO, UNCTAD and ITC, a number of seminars were organised in 1996 throughout the ACP region on the impact of the Uruguay Round. This series of events culminated in a seminar in Brussels to help ACP countries prepare themselves for the Singapore Ministerial meeting of December 1996. Follow-up action is scheduled for 1998 in the form of training or assistance with respect to preparation of internal legislation related to WTO obligations and notifications.

### *Regional co-operation and integration*

108. Jointly with the World Bank and the African Development Bank, support is given to the Cross-Border Initiative and related regional institutions (COMESA, SADC). This includes studies on the SADC Trade Protocol, rules of origin, customs regime, and on the impact of the EU/SA Free Trade Agreement and the Costs of Non-Integration in the SADC Region; workshops on regional trade and payments; assistance to the COMESA standardisation and quality programme, etc. Most national and regional trade support programmes have a component focusing on quality control, standards and norms and adjustment advice concerning import regulations in the EU. Compliance with international regulations and quality norms is considered an increasingly critical component of successful trade development programmes. More explicit studies are conducted to assist ACP countries in complying with the WTO agreement on Sanitary and Phyto-Sanitary measures in the fishery sector for example.

109. Support is also provided to CARICOM, ECOWAS, UEMOA, Indian Ocean countries, on improvement of trade statistics and harmonization of customs procedures, tariffs and standards.

## Trade enhancement

### *Trade-related infrastructure (including information)*

110. Industrial fora, bringing buyers and sellers together, are organised for specific regions and sectors in collaboration with the Centre for the Development of Industry (CDI). The next two fora will target ECOWAS countries and cover mining and agro-industry. In collaboration with UNCTAD, preparation of a pilot project for the establishment of Trade Points (trade information and trade facilitation) in 7 West African countries is nearly finalised (implementation expected in 1998). Different sectoral information support projects (see also paragraph 116) have also been initiated. The Commission maintains permanent contact with major information providers (including the European Forum of Import Promotion Organisations, UNCTAD, TIPS, etc.) to look for ways to improve co-ordination of information support activities.

### *Entrepreneurial capacity*

111. An innovative Export Business Assist Scheme (EBAS) will soon be made available to the ACP states. This new scheme will provide direct assistance to private enterprises for the use of external trade support services, comparable to similar cost-sharing schemes launched in recent years by the World Bank or the Department for International Development (DFID) (see box 1). In addition, financial support is provided to the CDI. Its objective is to encourage and support the creation, expansion and restructuring of industrial companies through the promotion of EU-ACP Partnerships (see box 2). The EU also implements various financial instruments outside the Lomé Convention to encourage private investment in the developing world including the least-developed countries. Besides the direct investments realised by the European Investment Bank under the form of equity participation or investments

credits, it is pertinent to outline here the role of different partnership promotion instruments such as the European Community Investment Partners (ECIP) instrument (see box 3) and the ASIAINVEST programme (see box 4). Other initiatives with explicit enterprise networking and match-making components have already been discussed above.

### ***Institutional capacity***

112. In collaboration with UNCTAD, support is provided to ASYCUDA (simplification and automation of customs procedures) and ACIS (advanced cargo information system to improve forwarding management) (and in the past also to Train-for-Trade and Trainmar-harbour management programmes). Regional projects in the Southern African and Indian Ocean regions are also supported to strengthen statistical departments and to streamline customs regulations and tariffs.

### ***Trade finance and export development***

113. Different comprehensive "Trade Development Programmes" are being supported, including, to mention only the major ongoing ones, the Caribbean Regional Trade Development Programme, the Regional Integrated Programme for the Development of Trade in the Countries of the Indian Ocean, Botswana, Kenya, Namibia, Zambia, Zimbabwe (Zimtrade, jointly with other donors). This generally includes institutional assistance to a public or preferably private export promotion organisation, trade facilitation activities, trade information, market studies and trade promotion, and in some more specific private sector development programmes, such as in the Dominican Republic, cost-sharing schemes (similar to the EBAS scheme, see Box 1).

114. A pilot ACP-EU Trade Development Project including trade policy, new products and markets development and trade information components covering 20 ACP countries was launched in 1996 under the umbrella of Annex XX of the Lomé

Convention. The project has three main components: trade policy (which, depending on the level of development may include support to national planning capacity, support of trade development organisations or improvement in technical and quality standards), new product and markets (including support to professional export associations, improved tourism market intelligence, market research, product design, promotion, joint ventures, partner identification and increased use of information technology) and trade information.

115. In collaboration with GTZ (German Agency for Technical Co-operation), a sector-specific pilot trade development programme is implemented in 7 African countries covering handicrafts (EACH, European African Co-operation for Handicrafts).

116. Sector-specific support is provided to COLEACP (Europe-ACP Liaison Committee for the promotion of tropical fruits, off-season vegetables, flowers, ornamental plants and spices), a professional association exploiting the information gathered through a broad panel of ACP exporters and EU importers to improve market access for ACP products and to APROMA (Association des Produits à Marché), a professional association regrouping actors in the cash crop sector, mainly coffee, cocoa, tea and oilseeds. This support includes training of exporters, strengthening of local associations, policy workshops, partnership and investment promotion.

### ***Market access***

117. The products of LDCs gain preferential access to the EU market through the provisions of the Lomé Convention and the EU GSP. The Lomé regime already today approximates very closely the Singapore objective of duty free access for LDCs' products. It avoids tariff escalation and favours exports of manufactured goods which are offered entirely free access. The 9 non-ACP LDCs which have not benefitted so far from the

market access provisions of the Lomé Convention, have nevertheless been granted tariff preferences for industrial and agricultural products going beyond those available to other GSP-eligible developing countries, bringing them in fact very close to the Lomé treatment.

118. However, as part of its strategy for improved market access for all LDCs, and in line with principles established at the WTO Ministerial in Singapore in December 1996, the EU has decided in June 1997 to grant from 1998 onwards the same preferences to these non-Lomé LDCs as those granted for the ACP countries under Lomé. All LDCs will then receive equivalent treatment on the EU market, whether they are members of the ACP group or not. The EC Council has also backed the adaptation of rules of origin that will enable least-developed countries to better use their duty-free advantages.

## **Box 1: The All-ACP Export Business Assist Scheme -- "EBAS"**

### **Background**

Cost-sharing schemes are presently regarded as one of the most effective instruments for promoting private sector exports from developing countries. They are based on the principle of activating the market for skilled support services that will enable firms to enhance their competitive positions. The advantages of such schemes are that they are directly linked to enterprises and associations and are driven by the needs and demands of the enterprises. Furthermore they avoid public sector administrative rigidities and are relatively simple to operate. The Export Business-Assist Scheme (EBAS) is a more developmental form of cost-sharing scheme and has been designed to be available to all ACP States under Article 138 of the Lomé Convention. The scheme has been specifically elaborated to accommodate the differentiation amongst ACP States.

### **Overall objective of the EBAS Scheme**

The Scheme is expected to become operational by the end of 1998 and will have a single overriding objective, i.e. to expand receipts from exports and from tourism. Specific goals are the activation of a sustainable market for export and tourism related services and a larger share of the services market going to local service providers. It aims first to encourage enterprises and groups to buy or rent external business development services as a means of improving their export competitiveness and secondly, to encourage local service providers to develop their supply of specialised skills.

### **Scheme structure: three components**

The scheme will encourage an active market in business development services by the combination of three components.

The first component, which will be a major part of the EBAS Scheme, consists of providing to firms free hand-holding assistance on how to go about making the best possible use of business development services, in order to inject the skills and information that will expand their receipts from exports and tourism. This provides a longer term and more comprehensive basis than that contained in the second component alone. The intention is to build confidence in entering what is for many firms the new and unknown activity of buying business development services.

The second component, the core of the scheme, which is subdivided into two parts, consists of the provision of services related grants. For that purpose a grant fund of 20 million ECU will be constituted. The first part is for the provision of services user grants to private enterprises to cover half the costs of using business development services to increase their competitiveness. The second part is for the provision of grants to local suppliers of specialised services so as to further encourage an active local market in business development services. In many cases the lack of sufficiently sophisticated local services will necessitate the importation of skills but it is intended that this will be temporary and that local organisations wishing to build their capacity to supply such services to the local market will receive grants to cover half their development costs. This will also include a significant promotional campaign to ensure that ACP enterprises are aware of the existence of EBAS, understand how to use it and know where they can access it.

Finally, the third component provides a contingency back-up should it happen that the private sectors of certain countries are not making effective use of EBAS. In most cases this will be because of an anti-export bias in the economic environment. Lack of EBAS activity or continual failures of business plan applications associated with particular countries will trigger the opportunity for Trade Health Checks which, as part of the overall scheme, will be provided to the governments of such countries on request. These Checks will assist governments in identifying the problems facing the exporting private sector and in taking appropriate corrective action. They will be in the form of Needs Analyses but targeted directly at the problems of the private sector, so that, within a reasonable time frame, the sector will be able to take up effectively the opportunities offered by the EBAS Scheme.

### *The Forum of the European Trade Promotion Organisations*

119. The Forum is a grouping of European trade promotion organisations (TPOs), including the European Free Trade Association (EFTA) countries, the European Commission and the International Trade Centre (ITC). The Forum was set up following a recommendation by the EU Council of Development Ministers of 17 April, 1986.

120. The European TPOs vary in their legal status (i.e. private or public) and in their orientation (e.g. some focus their activities on development co-operation while others emphasise the export promotion of their own country). Several TPOs are being restructured at the moment.

121. The objectives of the Forum are to: organise trade promotion measures in a more efficient manner; evaluate jointly the experience gained; and develop a concept of coherent EU-wide trade promotion policy and put it into practice through joint activities.

122. The Treaty of Maastricht and the growing emphasis on trade promotion in European development aid have given the Forum additional dynamism. The TPOs have been active to translate this into tangible effects. The Trade Promotion Organisations of the Member States have specialised resources which can be used in harmony with each other and with those of the EU:

- The Forum provides the focus for discussions and agreement on complementary action programmes which in turn provide rational and integrated support for private sector exporters in developing countries.
- The wide range of activities encompassed by Forum members show a significant scope for co-operation in many areas of trade and development support. This includes,

for example, a series of publications, common measures for promotion and the EACH Initiative for the promotion of arts and crafts from ACP States.

- The recent publication, *Forum of the European Trade Promotion Organisations*, gives an overview of the existing European Trade Promotion Organisations, their staffing and budget, individual legal status, strategy, services, including publications, and activities. In addition, this publication provides detailed information about the geographical and sectoral distribution of funds and gives further information about co-operative activities among the various trade promotion organisations to enhance exports from developing countries in various sectors.

123. The Forum is an important institution for trade development, because co-operation among its members is benefiting donors and recipient countries. This co-operation is useful to: exploit synergy effects; concentrate on those activities where individual TPOs have comparative advantages; reduce costs by cost sharing; increase quality of programmes; avoid overlapping; and extend the reach of the individual organisations' interventions.

124. The Forum members meet twice a year to discuss the progress of common projects and to develop new initiatives to increase efficiency and effectiveness of European trade promotion with developing countries. The presidency of the Forum rotates with the chairmanship of the European Union, and CBI (The Netherlands) and Protrade (Germany) have been appointed permanent vice-presidents of the Forum.

## **Box 2. Centre for the Development of Industry (CDI): An Instrument for the Development of Industrial Enterprises in ACP Countries**

The Centre for the Development of Industry (CDI) is an ACP-EU institution financed by the European Development Fund (EDF) under the Lomé Convention bringing together the European Union and the 70 ACP countries (Africa, Caribbean and the Pacific). Its objective is to encourage and support the creation, expansion and restructuring of industrial companies (mainly in manufacturing and agro-industry) in the ACP countries. To this effect, it promotes partnerships between ACP and European companies which may take various forms: financial, technical or commercial partnership, management contracts, licensing or franchise agreements, subcontracts, etc.

The CDI's services are easily accessible and are subdivided into 4 facilities to support the different stages in the creation, expansion and rehabilitation of industrial companies. In this framework, the CDI intervenes free of charge by providing its own expertise or making a non-reimbursable financial contribution. The CDI does not finance the investment of the project but helps to seek out and put together a financing package.

The requests for assistance submitted to the CDI are evaluated on the basis of the financial and technical viability of the projects and their contribution as regards the development of the country concerned. All dossiers submitted to the CDI are treated confidentially. The total amount invested in these projects, or the value of the assets in the case of existing companies, must normally be between ECU 200,000 and ECU 10 million. Smaller companies may be accepted in certain cases; pilot projects, grouping together of several companies with a view to obtaining joint assistance, priority industrial sectors, etc.

By "project", the CDI means an industrial unit or group of units in the process of being created or undergoing expansion, diversification, rehabilitation or privatisation.

<b>Where to submit your request</b>	Applicants may approach the CDI directly or contact one of the correspondents in the CDI's ACP network or one of the member institutions of the CDI's European Union network, a list of which is available on request
<b>Presentation of the request</b>	Companies and promoters must clearly define the assistance that they require from the CDI. A brochure entitled "How to benefit from the CDI facilities" is also available on request. This describes in detail the way in which to present dossiers requesting assistance.

### Box 3: The ECIP Financial Instrument

ECIP is a financial instrument which since 1988 has encouraged local private joint venture investments with EU partners in the developing countries of Asia, Latin America and Mediterranean. ECIP has a priority for small and medium-sized enterprises (SMEs) given their particularly developmental role in developing countries, but does not exclude larger enterprises. As a market-driven instrument, ECIP responds to demand from private investors.

ECIP is a decentralised instrument through which EU funds are managed by a network of financial institutions from both the developing countries and from Europe. The five ECIP financial facilities provide support to private investments at all stages of their possible development: including identification of projects and partners (Facility 1); feasibility studies and pilot projects (Facility 2); equity and equity loan financing (Facility 3); training and management assistance (Facility 4); and for privatisation and private infrastructure (Facility 1B).

<b>The Five ECIP Facilities</b>					
	Facility 1	Facility 2	Facility 3	Facility 4	Facility 1B
Type of operation	Identification of joint ventures and partners	Feasibility study or pilot project	Joint venture capital requirements	Training, technical or management assistance	Preparation of BOT/BOO documents -- infrastructure, utilities, environment
Beneficiaries	Chambers of Commerce, FIs or associations	Companies	Joint ventures in Alamedsa countries (involving at least a local and an EU partner)		Alamedsa governments, public agencies
Type of finance	Grant,	Interest-free advance,	Equity holding or equity loan,	Interest-free loan or grant,	Grant,
	up to 50% of costs	up to 50% of costs	up to 20% of the capital	up to 50% of costs	up to 100% of costs
Amount in ECU	100,000	250,000	1,000,000 Maximum support per project 1,000,000	250,000	200,000

**Box 4. ASIAINVEST**

ASIAINVEST is an EU economic co-operation investment programme for the Asian developing countries which is not limited to local/EU joint ventures. ASIAINVEST aims at reinforcing business links between Asia and Europe by means of industrial and commercial match-making exercises and meetings, sector and investment opportunity studies, training and technology transfers by establishing a network of business centres. These European Business Information Centres (EBICs) are being established in the major Asian countries.

TIPS (Technology Information Promotion System) is planned to be supported by ASIAINVEST for different countries in the region, including Bangladesh, Cambodia, Laos and Nepal. TIPS is a computer-based network of information originated by the UN to encourage South/South SME co-operation, particularly on technology. ASIAINVEST intends to introduce an EC/South element also for Bangladesh, Cambodia, Laos and Nepal into this network. Laos is also benefiting from specific technical assistance to help develop local banking sector skills.

The other main elements of ASIAINVEST are the Business Priming Fund, designed to prepare groups of European and Asian companies to identify specific business co-operation opportunities; and the Asia Investment Facility, to make studies of and evaluate the countries' investment environments and opportunities.



## DENMARK

125. Denmark provides support for specific trade-related activities mostly through multilateral organisations and NGOs.

### The multilateral framework

#### *Environmental requirements*

126. Denmark has provided financial support for the International Centre for Trade and Sustainable Development (ICTSD) since its inception. ICTSD was established in Geneva in September 1996 to contribute to a better understanding of development and environment concerns in the context of international trade. It supports the interests and activities of the non-governmental community in trade and sustainable development. These activities are of special interest to Denmark, because NGOs find it difficult to secure information on, and communicate their concerns to, key policy-making fora on trade and development - the WTO, UNCTAD, other intergovernmental organisations and national governments. At the same time policy-makers and trade officials are often unaware of the NGO community's work on trade, development and environment. The Centre thus aims to serve as a bridge between the various actors in the international policy-making arena. By providing information to the various parties and by facilitating communication and relationships between the actors, the Centre promotes harmonisation of trade policy and

sustainable development, primarily focusing on WTO and UNCTAD.

127. In addition, Denmark provides support to the International Trade Centre's (ITC) projects to improve quality control of export commodities from developing countries (annual budget US\$168 000). Denmark also facilitates regional trade in Africa by identifying possible trade options followed up by "buyers-sellers meetings", where participation is financed by the participating companies (annual budget US\$200 000).

### National policy making

128. Denmark provides support to the WTO for carrying out trade policy reviews in four African countries (annual budget US\$325 000).

### Trade enhancement

129. The Danish Import Promotion Office assists companies from developing countries to introduce and market their products on the Danish market (annual budget US\$512 000).

130. Denmark supports ITC projects for marketing of primary agricultural products and organic products from developing countries (annual budget US\$550 000).

# FINLAND

## The multilateral framework

131. Finland supports the International Trade Centre (ITC), which gives training to developing countries on how to implement the *Uruguay Round* results. Finland also supports two special programmes in ITC, packaging of export products and marketing of timber products.

132. Finland has assisted Egypt to start and run a laboratory for quality control of agricultural export products with the help of the Finnish customs laboratory. The laboratory was authorised to deliver international certificates last year. In Nepal, Finland is helping national authorities to develop a certificate of *environmentally sound products* as a prerequisite for a so called "Green Label".

## National policy making

133. Finland is currently implementing a project in Eritrea to train national authorities dealing with foreign trade and export promotion. In Vietnam, civil servants from the Ministry of Trade are being trained to facilitate the transition to a market economy.

## Trade enhancement

### *Trade-related infrastructure*

134. In Africa, Finland has supported the harbour-projects of Beira and Nacala in Mozambique and Dar es Salaam in Tanzania. Road building and maintenance projects are going on in Ethiopia, Tanzania and Zambia. In Asia, Finland is planning the Cam-river bridge project in Vietnam and

an inland waterway development project in Bangladesh, which is part of a World Bank project. The Mekong-river mapping project concerns several countries in South-East Asia. In the field of telecommunications, Finland is engaged in a joint Nordic Project with SADC in Africa, and one in Nepal. In the Kyrgyz Republic, Finland is helping national authorities to develop a sound banking system.

### *Entrepreneurial and institutional capacity*

135. An independent training centre, the Programme for Development Co-operation (PRODEC), previously affiliated with the Helsinki School of Economics and Business Administration, channels Finnish development funds for management and enterprise development services and training to developing countries. PRODEC's goal is to empower people in managerial positions to plan and implement business strategies that identify and profitably exploit opportunities in the domestic and international markets. PRODEC offers programmes that range from extensive human resource and enterprise development to short, intensive training workshops that focus on a specific business area or industry sector at company level.

### *Trade finance and export development*

136. Another institute which promotes trade in developing countries is FINIPO, Finnish Import Promotion Office, which supports the development of trade in goods and services in developing countries by enhancing market access in Finland. The office has been supported through the Government's development budget. At present, the institution is undergoing a reorganisation process.

## **Final Project: Environmental Management and Product Quality Control (Eco-Labeling) in Export Industries of Nepal**

Nepal is trying to meet international environmental standards through effective environmental management and product quality control in export-oriented domestic industries.

Nepal has not, however, been able to institute a suitable monitoring mechanism for industrial pollution control and management due to weak institutional and analytical capability. This has limited the ability to enforce environmental regulations and product quality control which is essential for export industries to penetrate new markets and to expand exports in existing markets concerned about child labour, human health hazards and environmentally unfriendly materials and processes.

To assess the situation, a project preparation team shall carry out the following tasks with the help of Finnish development assistance:

- Collect and review existing information on the Nepalese export industries and their environmental performance and problems.
- Analyse the existing situation, constraints and problems (policy-related, legal, administrative, organisational, technical, economic and political) and define needs and priorities for developing the environmental management and product quality control and related information systems of the Nepalese export industries.
- Identify and assess measures needed to create necessary preconditions for improving the environmental management and product quality control of the Nepalese export industries.
- Assess the motivation of the Nepalese export industries to invest in environmental management and quality control; estimate likely needs and demand and identify possible mechanisms for environmental investment support (e.g. environmental credits).
- Assess the applicability of the eco-labelling concept in general and relevant international eco-labelling practices and standards in Nepalese circumstances; identify and assess potential additional and/or alternative approaches.
- Identify the key stakeholders and concerned institutions relevant to the development of environmental management and product quality control of Nepalese export industries, analyse their mandates and assess their willingness and capacity to participate in possible development co-operation activities.
- Define (tentatively) the objectives, scope, expected results and outputs of possible development co-operation interventions needed to develop the environmental management and product quality control of the Nepalese export industries.
- Identify and estimate the human and material resources (including costs) needed for implementing the proposed development activities; analyse the existing human and material resources available in Nepal and identify needs for external assistance, resources and inputs.

# FRANCE

France provides support for trade-related activities carried out by international organisations. Bilateral support is concentrated in two broad areas: support for regional co-operation and integration and for private sector development in the least developed countries.

## The multilateral framework

### *Activities by international organisations*

137. France attaches great importance to integrating developing countries, and more particularly the least developed countries (LDCs), more fully in international trade. It supports implementation of the integrated framework for trade-related technical assistance currently being discussed in WTO, UNCTAD, ITC, the World Bank, IMF and UNDP. It also backs the accession of LDCs to WTO.

138. France has signed an agreement with UNIDO's industrial promotion service to strengthen co-operation between French enterprises and firms in developing countries for the purpose of providing information on business opportunities with firms in developing countries, setting up joint ventures and organising promotional activity.

139. Financial support is provided for the UNCTAD Special Fund for LDCs in the sphere of international trade.

### *Regional co-operation and integration*

140. In order to promote international trade in developing countries, France fully acknowledges the value of **promoting co-operation and regional integration** among the countries of West and Central Africa, to facilitate trade between neighbouring countries and increase the size of markets potentially accessible to firms there. It is

probably in this sphere that capacity building activities have the most significant impact on intensifying trade flows. France supports these activities via funding and technical assistance.

141. In particular France supports the eight-country **West African Economic and Monetary Union** (WAEMU: treaty signed by Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo in Dakar in January 1994; Guinea-Bissau joined the Union in 1997) together with the Union's main projects: introducing fiscal and customs reforms prior to the establishment of a customs union; harmonizing the legal and accounting framework for public finance; setting up a central registry of accounts; establishing a regional financial market; and defining convergence criteria for macro-economic and budget policy.

142. Similar integration is proceeding among six Central African countries (Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon) in the **Economic and Monetary Community of Central Africa** (CEMAC), established under the Treaty of Ndjamena in March 1994.

143. In a broader geographical frame including the Comoros and Guinea together with the fourteen WAEMU and CEMAC countries, France also supports the programmes flowing from the following treaties:

- **the AFRISTAT treaty** has three objectives: providing information required for government decision-making, promoting harmonization of concepts and methods, and providing ongoing training in statistics;
- **the CIPRES treaty** set up an Inter-African Conference on Social Security in response to the concern of governments and social partners to secure stable and reliable welfare systems;

- the purpose of **the OHADA treaty** is to harmonise business law in Africa and enhance the legal framework for business transactions. The treaty organisation seeks to harmonise business law through the adoption of “uniform acts”, ensure efficient settlement of disputes arising from the application of such acts, and provide high-level training for judges and other legal personnel responsible for handling such matters;
- **the CIMA treaty** established an Inter-African Conference on Insurance Markets, a regional body responsible for harmonizing regulation and methods and for monitoring and supervising the sector. French co-operation is providing assistance with the establishment and operation of CIMA, and supports the training of inspectors, the development of methodology for spot inspections, and the periodical proceedings of the Regional Insurance Inspection Commission.

144. France is also participating in the establishment of **regional training centres for financial services**, in particular through support to the Ecole Nationale des Régies Financières (ENAREF), Ouagadougou, as the training centre for West Africa, and the Institut d’Economie et des Finances in Libreville, as the training centre for Central Africa.

## Trade enhancement

### *Private sector development in LDCs*

145. French co-operation provides support for enterprises in LDCs, particularly in Africa, to enable them to obtain more comprehensive **information** about local and export **markets** and about **technology**, in particular agro-food technology.

- It operates via the PROMEX-PMA agency, which offers an information service to LDC exporters covering

outlets, distribution channels, awareness of European markets and export procedures (publication of information brochures, meetings between French and African firms, participation of African firms at trade fairs, etc.).

- ADEPTA (Association pour le Développement des Echanges Technologiques et Partenariat en Agro-alimentaire), which represents all facets of the agro-food sector, guides and supports entrepreneurs with projects in this sector who are looking for technology suitable for SMEs.
- An agro-food technology and partnership network (TPA) has been established to identify processing technology suitable for small-scale firms. It brings entrepreneurs into direct contact with the principal technical centres in France and Africa.
- French co-operation has also established a system of economic information on Africa for business, making full use of all available sources of data.

### *The West African Enterprise Network*

146. The Réseau de l’Entreprise en Afrique de l’Ouest (REAO) was launched in 1992, jointly with USAID and the Club du Sahel, to establish an informal network of entrepreneurs in West Africa. Twelve countries are now involved, each of which has set up a country network. Headquartered in Accra, Ghana, the Network was officially recognised as an NGO in 1995, and has become a leading player with the main regional, financial and institutional agencies in the region.

A technical unit based in Paris and Washington co-ordinates the Network’s activities. A regional information centre is located in Accra. Three sector sub-networks have been set up: one for exporters, one for the financial sector, and one for accountants and audit consultants.

# GERMANY

## *Integrated approach and policy framework*

147. Trade promotion has always been an important element of German development co-operation but it is increasingly based on an integrated approach covering the following:

- improving the macroeconomic conditions and establishing or reforming relevant institutions (liberal trade regimes and efficient export promotion organisations);
- improvement of supply capacity and trade-related infrastructure;
- policy dialogue with partner countries (dialogue with governments and representatives of the business community);
- trade promotion via Protrade (the export promotion unit within Germany's Agency for Technical Co-operation GTZ), including consultancy and training programmes (e.g. international marketing as implemented by Carl-Duisberg Gesellschaft (CDG));
- support for adapting developing countries' exports to environmental requirements;
- assistance to improve market access on an autonomous basis for export products from LDCs, in particular for textiles and clothing;
- support of trade promotion activities and programmes by multilateral institutions.
- an advisory service for business companies, e.g. total quality management;
- marketing consultancy for small and medium-sized enterprises, in particular for improved market access to the German/ European markets;
- business co-operation with partners in developing countries;

- assistance to strengthen business associations, chambers of commerce, etc. to enhance export promotion;
- advisory services for public institutions for business-related policies (e.g. customs and tax policies, environmental standards).

## *The German Trade Promotion Programme : PROTRADE*

148. Protrade was founded in 1987 as the trade promotion programme of the GTZ (German Agency for Technical Co-operation). Protrade is specialised in the following business sectors: textiles and clothing, food, fish, flowers, technical products, shoes and leather products, furniture, wooden products, jewellery, home accessories, and toys. It offers a wide range of services to developing countries: small and medium sized industries; business agencies in developing countries and economies in transition; importers, wholesale organizations, companies, trade fairs from EU/Germany; product and marketing consultancy for export goods; promotion campaigns in the EU; trade fair participation; trade information; South-South and South-East market information.

149. The spectrum of services is based on individual trade and management consultancy, e.g.:

- *Product consulting*  
Market/sector analysis and product development  
Design and sourcing  
Manufacturing technology, quality assurance and environmental protection
- *Marketing consulting*  
Sales promotion and packaging/logistics  
Distribution and pricing strategy  
Advertising/ public relations activities

- *Trade fair consulting*  
Stand design and decoration  
Product presentation and follow-up  
Press conferences and contacts for purchasing agents
- *Info Service*  
Seminars and workshops  
Marketing and export manuals  
Trend information and product brochures

150. In 1994, Protrade presented a total of 1,474 exhibitions at 60 trade fairs. For developing countries, this translated into an estimated turnover of 395 million DM, of which 23% at the respective trade fairs, and the remainder as a result of post-trade fair business. The budget for trade promotion amounted to 18.5 million DM.

151. The distribution of consultancy activities shows that the least developed countries are among Protrade's main beneficiaries. In sum, Protrade, supported 492 consultancy activities in 1966 (644 in 1995). This declining trend can be explained by the close connection between consultancy activities and trade fairs (e.g. the ANUGA trade fair takes place every two years), and by budget constraints.

***GTZ project: private sector assistance to Bangladesh***

152. This programme aims at strengthening existing and new, small and medium-sized enterprises in Bangladesh, to increase exports, employment and income. Technical co-operation consists of: integrated consultancy services for small and medium-sized exporters (element A); and training for small and micro-enterprises (element B). These are implemented, respectively, by the Dhaka Chamber of Commerce and Industry and by Micro Industries Development Assistance and Services (MIDAS), a local NGO. The executing agency is the Ministry of Trade in co-operation with the Programme of Investment Promotion of the German Kreditanstalt für Wiederaufbau (KfW).

***GTZ-project: Advisory service for private business in Malawi, Zambia and Zimbabwe***

153. The project aims at improving the performance of small and medium-sized private enterprises and their self-help organisations. Implementation agencies are the Chambers of Industry and Commerce in the region which will function as co-ordinators for the information, consulting and training services. The project started in January 1997 for a period of approximately 10 years. The project aims to:

- improve the services provided by the Confederation of Zimbabwean Industry (CZI), the Malawi Chamber of Commerce and Industry (MCCI) and the Zambia Chamber of Commerce and Industry (ZACCI);
- increase the productivity of selected private enterprises;
- improve the position of selected enterprises on the regional market;
- increase the market share of selected enterprises in Germany and Europe.

154. Through its office in Germany, the project promotes business co-operation with German/European companies in trade, investment and technology. The project, together with its partners, provides the services against fees. The fees will not flow back to the project but to the target group.

***PROTRADE project : working group quality assurance and logistics***

155. Many developing countries have a considerable potential for export of tropical fruits and vegetables. A lack of know-how to ensure quality during all phases of the logistics chain often has negative consequences. The aim of this project is to enable small and medium-sized private agro-businesses, co-operatives and exporters to become competitive on the international markets for fruit and vegetables. The project provides technical assistance by agricultural and technical experts to analyse the logistic chain. It is intended to investigate the existing deficits,

e.g. the special treatment before and after the harvesting period, quality assurance facilities at airports, the use of adequate containers etc. These activities include specific consultancy, the organising of workshops, the development and distribution of teaching and training material (video films etc.). Furthermore, it is of particular importance to collaborate closely with fruit trade companies, forwarding agencies and with airlines (Lufthansa). Close co-operation is also intended with institutions like COLEACP (Europe-Africa-Caribbean-Pacific Liaison Committee), and CBI (Netherlands), and Natural Resources Institutes (GB), FAO, ITC, ILO/ Intercoop (F).

***SEQUA - A private Foundation for Economic Development and Qualification***

156. Important trade promotion activities in developing countries are also provided by SEQUA, which was founded by German business associations. SEQUA focuses its activities on the establishment and strengthening of business associations, chambers of commerce and industry and provides assistance to training centres and the development of human resources.



## IRELAND

### The multilateral framework

157. Ireland made a contribution of £10,000 in December 1996 towards facilitating the participation by Ministers from Least Developed Countries in the WTO Singapore Ministerial Conference.

#### *Capacity Building at Regional Level*

158. Examples of direct support from the Irish Aid bilateral budget for trade-related activities is assistance to the Business Extension and advisory service in Zimbabwe and assistance given to the promotion and development of export processing zones throughout Zimbabwe.

159. Irish Aid is providing financial assistance of £300,000 over the period 1996 - 1997 towards the Business Extension & Advisory Services (BESA) in Bulawayo, Zimbabwe. The overall goal of the BESA project is to increase employment and income-generating opportunities, by assisting African business people in Matabeleland to establish small-to-medium-sized businesses - thereby, helping to reduce poverty in the region. The establishment of the BESA office in Bulawayo in 1994 was the first institutionalised effort to promote small-scale indigenous entrepreneurs through counselling, advice and training on various aspects of business planning and management. The project is managed, on behalf of Irish Aid, by International Development Ireland (IDI).

160. Another example of trade-related Irish Aid funding activities would include support for the Ugandan Investment Authority. Support for the authority has been in the form of staff training and the development of a strategic plan and related sectoral strategies. The value of the support

provided by Irish Aid was £80,000 in 1996, and the project is scheduled to be completed this year.

### National policy making

161. Irish Aid provided funding of £80,000 in 1996 to assist the Zimbabwean Government in the establishment of an Export Processing Zone Development (EPZs) Authority and to advise the new Authority on the promotion and development of export processing zones throughout Zimbabwe, thereby contributing to the economic development of the country. The project was implemented, on behalf of Irish Aid, by Trade and Economic Development Services (TEDS). Following the success of the first phase, assistance amounting to £196,776 is being given to the second phase of the project in 1997/98.

162. The overall objective of this second phase is to ensure that the EPZ Authority develops into a viable, successful agency in terms of its corporate direction (with clear, practical policies for ongoing funding and development); ability to process work, monitor progress and administer the necessary regulations; ability to improve Zimbabwe's attractiveness to foreign investors; ability to target relevant international investors and market to them; the number of EPZs which have been developed and are operating successfully; the number of successful investors operating in developed zones and in single unit EPZs; and achievement of a significant improvement in national employment and export earning levels from the EPZ programme. Funding will be provided for short-term technical assistance, training, visits to a number of successful EPZs elsewhere and computer hardware and software.

## ITALY

163. Italy has recently begun to step up support for trade-related technical co-operation activities both bilaterally and through the specialised multilateral agencies: UNCTAD and ITC.

### The multilateral framework

#### *Uruguay Round Agreements*

164. UNCTAD's project on Market Access, Trade Laws and Preferences aims at increasing developing countries' capabilities to enter international markets through better utilisation of multilateral and bilateral trade preference systems and comprehension of commercial laws and regulations, including the Uruguay Round Agreements.

165. UNCTAD's Technical Co-operation on Trade Relations and Economic Co-operation in the Mediterranean Region: The initiative aims at improving Mediterranean Basin Governments' and business communities' knowledge of the opportunities offered by both the WTO and EU's Euro-Mediterranean Partnership.

#### *Environmental requirements*

166. Support for UNCTAD in the area of the environment includes the following: Global Environmental Deliberations and UNCTAD's TRAINS (Trade Analysis and Information System), which assist developing countries in the application of environmental requirements through seminars, training and consulting, and data on environmental legislative obstacles to international trade.

### National policy making

167. UNCTAD's TRAINS: Italy contributes to the elaboration of a CD-ROM informative system providing information on customs classifications, tariffs, trade flows, etc., and UNCTAD's ASYCUDA (Automated System for Customs Data), which provides developing countries' customs offices with an ad hoc CD-ROM software. Italian Co-operation is also financing a multi-bilateral application of this programme in Eritrea.

### Trade enhancement

168. Italy supports UNCTAD's Trade Efficiency/Trade Points programmes which aim at establishing a network of Trade Points in the developing countries to facilitate all the operations concerning international trade: marketing, customs procedures, insurance, banking, online information.

169. Italy also supports ITC's Development of Trade Financing Services, which consists of trade financing capacity building activities in favour of developing countries' banks, specialised governmental institutions, export credit agencies, enterprises and entrepreneurial associations; ITC's Development of Export Financial Services in Low-Income Countries, which ended in December 1996, provided low-income countries with export financing analysis activities to strengthen their international trade financing mechanisms.

170. In addition, Italy provides bilateral support for small and medium sized enterprises through credit lines and the promotion of joint ventures to allow SMEs to acquire technologies, machinery and

managerial capacity not available in their countries, and thus improving capacity for export-oriented productive activities. Italy also supports the building of infrastructure (ports, roads and highways) and institutional support to both governmental and non-governmental bodies dealing with trade management (e.g. customs authorities and Chambers of Commerce).

### *Middle East and North Africa*

171. A project in the West Bank and Gaza aims at providing the most important Palestinian Chambers of Commerce (Hebron, Nablus, Bethlehem and Gaza) with technical assistance by the ILO, to develop and support small Palestinian enterprises operating in different productive sectors. Italy has supported the creation of a Handicraft Training Centre in the town of Salt, Jordan. The Centre aims at preparing experts and trainers in the production and marketing of textile and pottery goods. In December 1996, Italian Co-operation approved a grant to implement Phase II of the project whose execution has been delegated to the ILO. Its purpose is to bring the Handicraft Training Centre's activities into effect, that is, for small enterprises to utilise the Centre's services. Italy provides credit for the financing of productive projects (By Tunisian SME and Italo-

Tunisian joint ventures) being responsive to the country's development objectives, particularly in the industrial, agricultural and fishery sectors.

### *Eritrea*

172. In Eritrea, Italy is financing a study of SME's:

- to provide the Eritrean SME sector with a detailed monograph and an analysis of the obstacles to its development;
- to identify the investment opportunities;
- to supply a detailed description and analysis of the incentives for the investors;
- to draw a detailed description and analysis of the foreign trade regime;
- to provide a detailed description and analysis on the financial system and institution, with a particular attention to credit admission conditions;
- to identify the services that entrepreneurs would need at small and medium-sized enterprises.

# JAPAN

173. Japan's development co-operation for institution-building and strengthening of human resources in export development includes: training, dispatching of technical experts, technical co-operation as well as lending for structural adjustment, infrastructure and private sector development.

## ***1. Training***

174. Japan offers various training courses including group courses, special courses and third country training courses:

The Group Courses focus on issues such as:

- administration of industrial property;
- implementation of Total Quality Control (TQC) and standardisation activities;
- design and improvement of production.

The Special Courses cover, among others, the following subjects:

- financial industry information systems;
- transition to market economy;
- management of chambers of commerce and industry;
- promotion of direct investment;
- investment promotion seminar (for Asian and Latin American countries);
- application for standardisation and quality control.

During the Country Special Courses, training focuses on topics such as:

- intellectual property rights in technology transfers;
- transition to market economy;
- production management (Hungary);
- business management (Bulgaria);
- foreign trade promotion.

175. The Third Country Training Courses cover a framework of the PFP (Partner for Progress) of APEC in Thailand and Malaysia.

## ***2. Dispatching technical experts and advisors***

176. In recent years Japan's ODA has funded long-term dispatchment of advisors in a number of countries in the area of trade development: Kenya (trade training), Tanzania (export development and promotion), Tunisia (promotion for foreign direct investment), Philippines (industry and trade promotion/investment promotion), Indonesia (intellectual property administration), Bangladesh (investment promotion) and Syria (quality control).

## ***3. Project-type technical co-operation***

177. Technical trade-related co-operation included 11 projects in 9 countries:

- Productivity development project (Hungary);
- Human resource development in the trade sector (Indonesia);
- Quality improvement of textile and clothing products (Sri Lanka);
- Measurement centre of SIRIM (Malaysia);
- External trade development corporation (Malaysia);
- Productivity development project (Thailand);
- Industrial property information center (Thailand);
- Industrial standardisation and electrical testing (Philippines);
- Institute for quality and productivity (Brazil);
- Quality control for textile industry (Paraguay);
- Refinery safety training center project (Mexico).

#### 4. *Lending*

178. Japan has also provided support for structural adjustment programmes, trade-related infrastructure, private initiatives in infrastructure projects and export-oriented industries. The following projects are of major importance:

*Support to structural adjustment:*

- Economic reform and development programme (Jordan);
- Private sector development programme (Mauritania);
- Private sector adjustment programme (Ghana).

*Support to infrastructure development relating to trade and investment:*

- Gai Lan port extension project (Vietnam);
- Beijing airport terminal area extension project (China);
- Industrial estates development project (Sri Lanka).

*Support to private initiative in infrastructure projects:*

- Transmission line project (Indonesia);
- Civil work for a subway construction project (Thailand).

*Two-step loan for export-oriented industry:*

- Small-scale industries development programme (India);
- Agricultural credit for rural development project (Thailand).

### **Human resource development in the trade sectors of Indonesia**

#### **Objectives**

To formulate and devise training courses in the Republic of Indonesia, which would provide primarily medium-sized enterprises with necessary knowledge, experience, and know-how in trade.

#### **Output**

1. Train counterpart personnel in Indonesia as course planners who will supervise and evaluate training courses designed to formulate strategies for enterprises engaged in international trade.
2. Provide knowledge and experience necessary for implementing trade strategies or trading procedures to seminar lecturers and participants in training courses.
3. Compile training materials for dissemination to the public.

### **Export development and promotion in Tanzania**

#### **Background of the project**

This project will assist in formulating a proposal for setting up a National Export Promotion Council which is inter-ministerial in character. The purpose of the council is to serve as a clearing-house for national export policies to ensure all-round consultation and co-ordination among concerned officials. It will be active in formulating and approving national export promotion policies and strategies and enhance policy coherence.

The establishment of the council was recommended under a UNDP Export Promotion Project. The council is to include members from economic ministries, the Central Bank and trade associations, e.g. Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Confederation of Tanzania Industries (CTI), National Shippers Council, Board of External Trade, Tanzania National Exporters Association.

The expert would be working closely with the Board of External Trade which is the national focal point for trade promotion, and the Ministry of Industries and Trade of Tanzania.

#### **Assignment of the expert**

The expert has been assigned to the Board of External Trade as a senior institutional infrastructure and export policy advisor. The expected role is the following:

1. Strengthen institutional infrastructure to formulate and carry out the export promotion plan.
2. Review the structure of the export force in the Ministry of Industries and Trade with particular emphasis on its capacity for export enhancement.
3. Review national trade promotion organisations with a view to strengthening them.
4. Review the current export policy and incentives system.

**The Malaysia External Trade Development Corporation****Objectives of the project**

The objective of the Project is to contribute to the promotion of Malaysian exports through development of human resources of MATRADE (Malaysia External Trade Development Corporation), and to enable MATRADE staff to organise, operate and manage a variety of programmes for trade promotion in co-operation with Japan through:

- overseas research and market surveys;
- sourcing, collection, collation, processing of trade information;
- dissemination of trade information;
- trade advisory and consultation services;
- development of computerised trade information systems;
- production of trade information materials; and
- organisation of permanent exhibitions and ad-hoc trade fairs.

The project will involve on-the-job training on the premises of MATRADE.

## KOREA

179. The Korean International Co-operation Agency (KOICA) is actively assisting developing countries to enhance trade development. Korea focuses in particular on capacity building and the development of human resources by offering various training programmes.

### The multilateral framework

180. Korea provides a number of training programmes to developing countries, most of which are country-specific and respond to the request of recipient countries. Courses are offered on the general principles and functioning of the WTO; the Uruguay Round Agreements; intellectual property rights; and environmental protection technology and management.

### National policy making

181. Training in national policy-making focuses on customs procedures and includes lectures on: customs clearance system for import/export; management of bonded goods; passengers' baggage clearance system; and investigation on narcotics.

### Trade enhancement

182. Courses on trade promotion strategies cover: WTO and export opportunities for developing countries; economic strategies of developing countries in global competition; case study of Korea's semi-conductor industry; Korea's economy outlook and policy issues; and Korea's environmental policy for sustainable development.



## LUXEMBOURG

183. Trade-related assistance by Luxembourg includes the following:

- increasing the agricultural production in Gaza under changing water conditions, and marketing agricultural products for European markets;
- the implementation of a national hotel programme in Vietnam;
- feasibility study for a steel production unit in Vietnam;
- a cattle-breeding project in China which includes training and education in the field of improved cattle breeding methods for supplying new markets;
- integrated rural development in Vietnam; this project is targeted at ethnic minorities, especially women;
- construction of a secondary school in Quanh Hanh in Vietnam;
- co-operation between Luxembourg and a development NGO for micro-credits in Peru and other countries;
- exchange of know-how between entrepreneurs from Tunisia and Luxembourg on marketing issues, and creating the basic infrastructure for a commercial centre for women handicrafts; trade and marketing of other national and regional products in Tunisia;
- enhancing national and international trade with handicraft products in El Salvador.

# THE NETHERLANDS

184. The Dutch trade-related development co-operation activities are mainly conducted by the Dutch Centre for the Promotion of Imports from developing countries (CBI), which has been operating since 1971 within the policy framework set by the Netherlands Ministry of Foreign Affairs under the responsibility of and funded by the Ministry of Development Co-operation. The major supporting pillars for CBI are the Integrated Export Promotion Programmes (IEPPs).

## I. Activities of the Dutch Center for the Promotion of Imports (CBI)

### 1. Main Elements of the CBI Integrated Export Promotion Programmes (IEPPs)

185. The IEPPs give enterprises in developing countries systematic guidance, from their first steps in the direction of the European market to their ultimate participation in a leading trade fair. Each programme consists of three phases: (1) special promotion, in combination with market and product research; (2) on-the-spot visits to companies and dissemination of advice (product adaptation missions) and an EXPRO seminar (held in Rotterdam); and (3) participation in a trade fair, guidance and evaluation.

#### a) Special promotions

186. The Special Promotions (SPs) are organised for a specific product group, which is selected on the basis of market research and trend and development signals picked up from the market. SPs were held in 1996 for the following product groups (the number of participating companies in each product group is given in brackets): building materials (132); transmissions, hydraulics, pneumatics (38); babies' and children's wear (187); medical instruments, disposables, hospital clothing and textiles

(86); food ingredients and health food (215); novel handicrafts (194); and workwear and personal safety products. In 1996, 936 exporters in 60 different developing countries submitted products to the seven SPs. The SPs were visited by 465 potential buyers, resulting in 3,146 quotations.

#### b) Product adaptation missions

187. After the conclusion of the SPs, a selected number of participating companies are visited by consultants. The objective of these product adaptation missions (PAMs) is to give advice on the spot. In 1996, missions were executed for the product groups shown below; the figures in brackets indicate the number of companies visited: leather goods (16); car parts, accessories and garage equipment (20); cosmetic ingredients (31); stationery items, office and school supplies (40); building materials (68); drives, transmissions, hydraulics, pneumatics (40); babies' and children's wear (46); medical instruments, disposables, hospital clothing and textiles (27); novel handicrafts (10); and food ingredients and health food (4). During 1996, a total of 302 companies in 43 different countries were visited on product adaptation missions in the framework of the integrated programmes.

#### c) Trade Fair participation

188. Companies in developing countries which have demonstrated that they have a marketable product and which have implemented the suggested adaptations are invited for CBI-sponsored participation in the leading European trade fair for their product group.

## 2. Human resources development

189. CBI allots considerable space in its programme to training activities and

transfer of expertise. This concerns not only knowledge about the market, but also includes European legislation and expertise on export strategies in general. The training programme is broadly aimed at two target groups:

- One important group is formed by the decision-making officers working for trade promotion organisations in developing countries. Training activities concentrated on this target group also have an enormous multiplier effect: as the recipients can spread the newly gained expertise in their own countries.
- A second target group consists of the (potential) exporters in small and medium-sized companies. This category is mainly trained in the framework of an integrated export promotion programme.

### 3. *Seminars and workshops*

190. **The IntFair seminar** has been specially designed for officers of national export or trade promotion organisations in developing countries who are responsible for the co-ordination of collective participation in international trade fairs and exhibitions. The 1996 edition of the IntFair seminar brought together 41 participants from 35 different countries.

191. **The Matchmaker seminars** are also directed at decision-making representatives of trade promotion organisations in developing countries. Matchmaker XIV was held for 57 people from 36 countries.

192. **The EXPRO seminars** are part of the integrated export promotion programmes. They are held during phase 2 of these programmes (i.e. the product adaptation phase) and are directed at export managers. Three EXPRO seminars were held in 1996 for the following product groups: EXPRO 9 (51 participants from 14 countries; babies' and children's wear; and leather goods); EXPRO 10 (61 participants from 26 countries: building materials; and stationery items, office and school

supplies); EXPRO 11 (46 participants from 11 countries: cosmetic products; drives, transmissions, hydraulics, pneumatics; and pumps and compressors).

193. If it is not possible during an export promotion programme to organise an EXPRO seminar, then a product seminar is held. These three-day seminars are part of the preparation for trade fair participation, the final phase of a programme. Product seminars were held in 1996 for the following product groups:

- furniture (11 participants in the Salon du Meuble in Paris, France);
- software and allied services (18 participants in the CeBIT '96 fair in Hanover, Germany);
- fish and marine products (12 participants in the European Seafood Exposition in Brussels, Belgium);
- garden articles and garden furniture (20 participants in GAFA & SPOGA '96 fair in Frankfurt, Germany);
- car parts and accessories (22 participants in the Automechanika '96 fair in Frankfurt, Germany);
- flowers and ornamental plants (19 participants in the International Flower Trade Show in Aalsmeer, the Netherlands).

194. **CBI workshops** are directed at transferring knowledge to exporters and representatives of trade promotion organisations in a short period of time. These workshops are held in developing countries. They consist mainly of general marketing workshops and workshops aimed at preparing for participation in international trade fairs. The workshops organised in 1996 took place in Bolivia, Bulgaria, Costa Rica, Jordan, Kenya, Romania, Sri Lanka, Trinidad, Turkey, Uganda and Vietnam.

### 4. *Bilateral and Multilateral Technical Co-operation Programmes*

195. Complementary to the general, product-oriented export promotion

programmes, CBI also has a number of bilateral agreements with individual countries. Bilateral co-operation is laid down in the form of an agreement on technical co-operation in the field of export promotion - in principle, for a period of three years. An agreement of this kind enables the co-operation partners to pay special attention to particular sectors of product groups which are of importance to exports from the developing country in question.

### **5. *CBI Co-operation with the International Trade Centre (ITC) and WTO***

196. CBI co-operates closely with the International Trade Centre (ITC). The contribution which the Netherlands Ministry of Foreign Affairs makes to ITC has risen from two to three million guilders in 1995. Special attention was paid in 1996 to the selection of projects. The criteria in this context is that ITC's programmes and those of CBI must complement each other. In the coming years, CBI and ITC will develop strategic programmes which are directed at African trading regions.

### **CBI Agreement on Co-operation with a Group of Countries**

The official agreement between CBI and FECAEXCA was signed in San Salvador on May 17, 1996. The FECAEXCA group consists of trade promotion organisations in Guatemala (GEXPRONT), Nicaragua (APENN), Costa Rica (CADEXCO), Panama (APEX), Honduras (FPX), and El Salvador (COEXPORT). The agreement marks a milestone for CBI, in that it is the first time that an agreement has been signed with a group of countries. The motivation is strong but simple: the countries participating in the collective agreement have too little individual export potential to qualify for entering a three-year agreement. The chosen regional approach makes it possible to combine the six countries' export capacity and thus to achieve an effective export promotion programme. The product groups agreed on are babies' and children's wear, textiles, food ingredients and health food products.

197. The Netherlands also provides financial assistance to the WTO technical co-operation activities in assisting developing countries and economies in transition to benefit from the multilateral trading system.

### **6. *CBI information on market trends and environmental requirements***

198. CBI has an extensive programme on market information and on environmental standards in trade. This is an area where entrepreneurs in developing countries seek information in order to adapt to the environmental requirements on OECD markets. The most important publications/databanks provided by CBI, partly in collaboration with other European Trade Promotion Organisations, are the following:

- **Market surveys:** The market surveys contain current market and product-specific information per product group, ranging from car parts and garage equipment to babies' and children's wear. In the course of 1996, 7 new market surveys appeared, while 22 existing editions were updated. The total number of available market surveys is 90.
- **Fashion forecast:** It is of vital importance for all those involved in the fashion/garments sector to keep up with current trends and developments. CBI, therefore, publishes a Fashion Forecast every six months. Since 1995, this has been done in co-operation with Protrade, CBI's German sister organisation.
- **Environmental Quick Scans** give an overview of the environmental demands and directives for a specific

product group. New quick scans published in 1996 concerned the following product groups: building materials/wood products, building materials/ceramic and stone products, cosmetic ingredients, leather products, furniture, writing materials for offices and schools, textiles, toys/novel handicrafts, fruit and vegetables, machines and machine parts, cut flowers and plants, workwear and personal safety products.

- **Eco Trade Manual:** This important manual contains an analysis of the major environmental requirements for a wide range of product groups. It also contains an overview of the environmental legislation and standards in the European Union. The Eco Trade Manual is a co-production between CBI and its Scandinavian sister organisations, DIPO, NORAD and Sida. Due to the strong demand from developing countries for this publication and latest developments in this field, plans are underway to update the first edition of the manual.
- **CBI News Bulletin:** Eleven issues of the News Bulletin were published in 1996. Apart from information about CBI projects, the News Bulletin contains market information, a section for trade intermediary, and information on current developments in the European Union. Special attention was paid in 1996 to environmental issues and to the consequences of the harmonisation of EU legislation.
- **GreenBus®: Environmental Information via Internet:** GreenBus® is CBI's database containing information on environmental issues which have an influence on international trade. This on-line database provides information on subjects such as environmental legislation, international standards in the field of the environment, environmental regulations for subsidies and support programmes. The database also contains a great

many addresses of organisations in the environmental field. GreenBus® is accessible against subscription fee on internet <http://www.kommanet.nl> (or <http://194.178.177.33>).

### ***7. CBI special efforts for trade promotion co-operation in Africa***

199. In 1996, CBI made extra efforts to include more African countries in its programmes through workshops organised in ten African countries, the translation into French of market surveys and similar publications. CBI will also be paying more attention to business development and opportunities for technical and financial co-operation between European and African trade and industry through active co-operation with national and international organisations.

### **II. Other Dutch trade promotion activities**

200. The Netherlands has actively assisted developing countries to strengthen their trade potential in various additional ways:

#### ***Regional co-operation and integration***

201. **West Africa:** The Permanent Inter-State Committee for Drought Control in the Sahel (CILSS) with 9 Member States aims to combat the chronic drought in the Sahel region through sustainable development and to provide for food security. A part of the CILSS programme aims at the stimulation of trade and trade relations, especially concerning cereals and cattle. The Netherlands actively supports the CILSS organisation by funding the core programme and individual projects.

202. SADAOC (Sécurité Alimentaire Durable en Afrique de l'Ouest Centrale) is an organisation of scientific institutes in 5 countries of West-Central Africa. Its mission is to contribute to an adequate 'food policy management' in the region and to stimulate dialogue between researchers and policymakers on this subject. A part of the

SADAOC programme is devoted to the stimulation of cross-border and inter-regional trade.

203. **Southern Africa:** The SADC (Southern African Development Community) with 12 Member States, aims, *inter alia*, at closer economic co-operation and integration, with increased cross-border trade and investment as an important goal. A Trade Protocol was drawn up by the SADC Members in 1996 with the ultimate aim of a Free Trade Area around the year 2010. In the SADC region, the Netherlands supports regional development programmes in areas such as food security, energy, health and veterinary services. In addition, the Netherlands has given significant financial and technical support for the development of the Beira Corridor Transport System.

204. In addition, the Netherlands, through UNDP and ITC, supports the establishment of the Common Market for Eastern and Southern Africa (COMESA), the successor since 1994 of the PTA (Preferential Trade Area for Eastern and Southern Africa). The main objective of

COMESA is to promote regional integration through trade development.

## Trade enhancement

205. The Netherlands supports investment in, and efficient operation of physical infrastructure. Examples are: technical assistance for the development of the inland water transport sector in India, and the development of harbours and particularly the efficient operation of harbours.

206. The Netherlands also provides support to professional (business) associations and networks aiming at strengthening technical and institutional capacities, including the capacity to effectively communicate with the public sector. Such support is provided both through bilateral technical assistance projects and through the CBI.

## NEW ZEALAND

207. Development co-operation is directed to South East Asia and the South Pacific.

### The multilateral framework

#### *Uruguay Round agreements*

208. In 1996, New Zealand contributed to the WTO Technical Assistance Programme, which provided training to officials from developing countries on trade policy issues, functioning of the multilateral trading system and the work of the WTO. New Zealand's contribution is earmarked largely for assistance to countries of the South Pacific. New Zealand's contribution will continue over the 1997/98 financial year. Bilateral assistance and advice on WTO accession have also been provided to particular countries of the Asia Pacific.

#### *Environmental, food safety and health requirements*

209. New Zealand supports a number of environment-specific projects in South-East Asian and South Pacific countries with a focus on capacity building for environmental management. In addition, New Zealand is a contributor to the South Pacific Regional Environment Programme. New Zealand provides advisory services to South Pacific government agencies on sanitary and phyto-sanitary control procedures.

#### *Regional co-operation and integration*

210. New Zealand organises and supports seminars and training programmes on trade policy directed at South Pacific countries and a range of South East Asian countries, which incorporate information on regional trade agreement processes. It also provides core support to the South Pacific Forum Secretariat which promotes economic and trade co-operation. Funding is also provided to ASEAN regional

projects through the New Zealand/ASEAN Trade and Investment Promotion Programme. Recently a fund to assist trade and investment facilitation for APEC developing countries has been established.

### National policy making

211. Ad hoc trade policy training projects such as seminars and symposia have been carried out for South Pacific and Asian partner countries. New Zealand intends to further develop these programmes. A key example is the newly-founded Mekong Institute, which provides training in economic management, including trade policy subjects, for government and private sector managers from Thailand, Cambodia, Laos, Vietnam, Myanmar and the Yunnan Province of China. Assistance has been provided to South Pacific governments on tariff structures and customs regimes.

### Trade enhancement

212. Infrastructural support, capacity-building, investment promotion - all of which facilitate trade development directly or indirectly - are provided under New Zealand's official development assistance programme. Examples are the "Pacific Islands investment and development scheme" which provides financial assistance to encourage private sector development in the Pacific Islands; the Asia Development Assistance Facility; the Mekong Institute; and various bilateral projects.

## NORWAY

213. Norwegian development co-operation with its major partner countries is based upon country programmes or strategies and not on sector programmes. It is therefore difficult to identify all trade-related development co-operation activities in detail. The same is true for the Norwegian multilateral development assistance where some of the support to organisations like UNCTAD and ITC contains support in areas like trade promotion, trade finance and trade policy development, but where it is difficult to isolate single components. Taking these aspects into account, the Norwegian trade-related development co-operation activities show the following picture:

### The multilateral framework

#### *Uruguay Round agreements*

214. New trade opportunities have been created for the Least Developed Countries under the revised Norwegian GSP system. Duty-free access now is available for almost all products from LDCs. This gives the LDCs an advantage over other developing countries, especially for imports of particularly sensitive agricultural products now levied with high tariffs instead of quantitative restrictions.

215. The Norwegian Import Promotion Office for Products from the Developing Countries (NORIMPOD) has been active in identifying products which LDCs could export to Norway. Products of particular interest include: meat (fresh, frozen and canned), certain canned vegetables and cut flowers. Suppliers in the LDCs have been identified and Norwegian importers have been encouraged to review the supply situation in the field. Advice is also given to exporters on product development in order to ensure that the products are sufficiently adapted to the requirements of the

Norwegian market. As a result of these efforts, imports of meat and cut flowers from certain LDCs reached a value of some US\$9 million in 1996. It seems clear that NORIMPOD's scheme for marketing support and project quality has contributed significantly to this increased trade. Seminars for exporters have also been arranged in a number of LDCs in order to inform the exporters and trade authorities about the possibilities now opened to them in connection with the Uruguay Round.

#### *Environmental requirements*

216. Together with other like-minded import promotion offices, NORIMPOD has supported the Dutch Centre for the Promotion of Imports from Developing Countries (CBI) by publishing an "Eco Trade Manual", which serves as a guide for exporters in developing countries on environmental requirements to be considered.

#### *Food safety and health requirements*

217. Technical co-operation has been provided to Namibia and Botswana to improve their safety and health control systems with respect to meat imports and, in particular, preventive measures related to salmonella.

#### *Regional co-operation and integration*

218. Norway has supported regional co-operation in Southern Africa over a number of years, particularly through the SADC. Support has ranged from infrastructure development to institution-building, and has contributed to closer regional integration and increased trade among the SADC member countries.



## Trade enhancement

219. Norway is presently supporting entrepreneurial capacity building and training in at least two countries in the context of small business support programmes, including technology support and development schemes. NORIMPOD

publishes surveys of the Norwegian market for products of particular interest to exporters in developing countries. One of the main activities of the office is to arrange and support trade missions which help importers review the supply situation for a specific product in the field.

Below is a typical example of Norwegian assistance for capacity building and human resources development.

### **Seminars on elementary practical know-how for export procedures**

The Norwegian Agency for Development Co-operation (NORAD) has organised special seminars for exporters in the following countries: Uganda, Tanzania, Zambia, Ethiopia, Eritrea, Lesotho, Malawi and Namibia. The aim of the seminars is to inform exporters and officials about practical export procedures, such as: How to make a business offer? How to handle an export order? How to organise a sales mission? How to meet an importer? These seminars are often organised by NORAD in co-operation with the Danish import promotion office.

During these seminars exporters from developing countries get detailed information about all relevant requirements to improve access to the Nordic markets (e.g. product description, price offer, packaging material, shipment, availability of products, terms of payments, references like membership of the local Chamber of Commerce and Trade Associations, necessary documents for customs clearance. Furthermore, NORAD provides all relevant information on how to organise a sales mission. This includes selection of products, choice of participants and information to counterparts). NORAD also informs exporters of other trade-related issues, e.g. the GSP and the Lomé Convention.

## PORTUGAL

220. Portugal's contributions in the area of trade-related activities feature solely in the context of the policy framework of the European Communities:

- European Union: Portugal has aligned itself with the Commission's policy on market access towards the least developed countries. Technical co-operation forms an important part of this strategy to integrate the least developed countries in the world trading system.
- WTO: Portugal participates in the activities of the Committee on Trade and Development and supports

technical co-operation activities. It also supports the Plan of Action in favour of least developed countries agreed on at the Singapore Ministerial.

- United Nations: Portugal participates in the trade-related activities of UNCTAD and ITC.

# SWEDEN

## *Institutional context*

221. The Department for Infrastructure and Economic Co-operation, INEC, is one of Sida's five sectoral departments. INEC is officially authorised by the Swedish Government to promote trade with developing countries and Eastern Europe and works on behalf of the Ministry for Foreign Affairs, the European Commission and other international organisations.

222. Apart from the description below of Sweden's bilateral contribution to the promotion of trade with developing countries -- mainly executed by Sida -- Sweden is a longstanding contributor to various multilateral trade-related development activities through its Ministry for Foreign Affairs. For example, Sweden has for many years been one of the leading contributors to the ITC (International Trade Centre UNCTAD/WTO). Since its start, ITC has benefited not only from Swedish expertise but also from substantial annual financial contributions towards its technical assistance programmes. In order to assist ITC in a manner best suited to fulfil the requirements of the beneficiaries, that is the developing and least-developed countries, Sweden has lately offered its financial contributions "non-earmarked". Sweden also contributes towards the technical co-operation activities of UNCTAD and WTO.

223. Trade promotion assistance within the Sida/INEC department includes:

Market Information: Business Opportunities; Market Surveys. "Exporter's Guide to Sweden" (Publication). "Trade and Trends" (Bi-monthly publication about introduction to the Swedish market).

Market Introduction: Advisory and trade intermediary services; marketing seminars; trade fair participation; trade delegations to developing countries; import guarantees. (Sida shares with importers the risk for

possible losses which may arise in connection with imports from developing countries).

## Trade enhancement

224. The objective of **EPOPA** (Promotion of organic farming and export of organic products from Africa) is to develop the export of organic products from Africa and to demonstrate the concept of "development through business". At present, the programme is active in three African countries: Mozambique (organic cotton); Uganda (cotton, sesame, cocoa); and Zimbabwe (cotton and, in the future, garments). Plans are to include Tanzania and South-Africa. As a sideline of the programme, exports of dried herbs and pickled vegetables are being prepared with a Palestinian company. EPOPA provides assistance in project organisation, research and marketing contacts. It can also fund the costs of the feasibility study, consultancy and initial certification.

225. "Africa Next" is a marketing and information concept intended to assist African manufacturers to enter the Swedish and other European markets. Within the Africa Next Programme, various activities are offered, such as: trade fair participation, meetings with potential buyers, seminars and advisory services.

226. Sida plans to organise a special introduction of textile companies from countries which are quota-free at a European Trade Fair. Through **Textilica-2004**, Sida assists the Lomé countries to get a foot-hold on the European market for textiles before 2004, when all quotas will be abolished and competition will be tougher for the ACP countries. The Programme includes the following activities:

## Zimbabwe:

- *Trade delegations:* Sida and the Zimbabwean export organisation ZimTrade organised a trade delegation of Swedish textile importers who visited Zimbabwe in 1995 and a delegation of Zimbabwean exporters who visited Sweden in 1996. ZimTrade estimates that business transactions amounted to US\$1 - 1,5 million as a result of this project.
- *Centre of excellence, Quality control:* Evaluations are carried out to improve the quality control of products within the textile sector through the establishment of a textile laboratory.
- *Study of the Swedish textile market:* As a follow-up to the delegations' visits, Sida and ZimTrade carried out a market study on the potential for Zimbabwean products to enter the Swedish textile market.

## Zambia:

- *Market study:* A market study of the potentials for Zambian exports on the Swedish market has been carried out and presented to Swedish textile importers.

**Development of human resources***Seminars - trade promotion in South and Central America*

227. DIES - Seminars for women entrepreneurs in the textile sector in Peru. Participants (80) were leaders of small and medium-sized enterprises, mainly women. The 3-week seminars covered marketing, design, quality control, pricing, participation in trade fairs.

228. Seminars in the Food Sector - Bolivia - Paraguay - Peru: A series of 8 seminars on export promotion have been carried out in the three countries. Participants were 40 small and medium-sized enterprises in the food processing sector. The companies have also visited the European target markets as well as the trade fair for foodstuff, ANUGA.

*Trade-related human resources and enterprise development for foreign trade in Central America - Costa Rica, Guatemala*

229. Development of permanent capacity for practical oriented human resources and SME development through systematic guidance of national specialists who will serve as trainers and in-company consultants within a low-cost structure. The project is scheduled for 1997 - 1999, the executing agent is ITC, Geneva.

**Environmental requirements***Market briefs*

230. Sida has produced two Market Briefs for exporters in developing countries. The first one, "Trade and Environment" gives an overview of the situation for eco-friendly products, eco-labelling, environmental management systems, public procurement etc., on the Swedish market. The other market brief "Organic Food Products" is an overview of the Swedish market for organic food products containing information on general market trends, supply and distribution, labelling and additives, handling and processing, wrapping and packaging and addresses of certified importers.

*Seminars*

231. Sida has carried out a special seminar on Trade and Environment for Third World Trade Attachés stationed in Sweden. Sida is planning on carrying out seminars on Trade and Environment in co-operation with the branch organisation for Swedish Textile Importers, "Textilimportörerna". Target groups for the

seminars are Trade attachés, Swedish importers and developing country producers, exporters and export organisations.

232. In addition, Sida supports the following projects on the trade/environment interface:

- *An expert panel on trade and sustainable development* organised by the World Wide Fund for Nature (WWF) in Geneva, Switzerland. The Panel gathers representatives from NGOs and other experts in the field of trade and environment to make analyses and give recommendations to, among other, the WTO Committee on Trade and Environment.
- The NGO Center for Trade and Sustainable Development compiles information, in particular from WTO, to make it available to NGOs. The Centre is organised by the World Conservation Union (IUCN) and is located in Geneva, Switzerland.
- Sida supported the organisation of the *International Conference on Consumer Protection* which took place in New Delhi in January 1997. Participants in the conference were, among others, NGO representatives from South Asia. Sida's interest in

the conference is to include the aspect of sustainable production and consumption into the UN Guidelines for Consumer Protection. The organisers of the conference were Consumer International, England and Consumer Unity and Trust Society, India.

- Finally, Sida supports the establishment of a Swedish Fair Trade Organisation. The concept of Fair Trade is to create fair payment and better social and working conditions. Ecological farming is also favoured and training in ecological farming is part of the concept.

233. The **Eco Trade Manual** is produced by CBI - Holland, Norad - Norway, Danida - Denmark and Sida. It covers environmental regulations, standards, environmental policies, product and process orientation etc. The target groups for the publication are developing country exporters and organisations.

234. The **Environmental quick-scan textiles** is a manual produced by CBI, Holland, and Sida. It contains information on products, legislation, standards, technological solutions, packaging etc. The target groups are developing country producers and exporters of textiles.

### **The Lango Organic Cotton Project**

Sida identified the opportunity for Uganda to export certified organic cotton, and other products, early in 1993. There was a low use of agrochemicals. Nearly all cotton was grown by smallholders, and since organic cotton fetches a higher price on the international market, farmers would be able to receive a better farm-gate price for their product.

The project has proved to be very popular among the farmers. Now in its third year, it involves 5500 farmers or families. The Lango Union employs a three-person organic project staff and 12 extension workers. In the 1995 and 1996 growing seasons, farmers received a 15 - 20 % premium for their seed cotton. In 1997 farmers are receiving a 40 % higher farm-gate price for their cotton and sesame. Organic cotton exports amount to roughly 300 tonnes of cotton fibre, and organic sesame exports are expected to be around 400 tonnes for the 1997 marketing season. The cotton is exported to Europe and the Far East, and sesame to Europe.

The present annual budget for the Lango project is US\$45 000. The Swedish certifier KRAV is training local inspectors to replace the Swedish inspectors, and this is further helping to reduce the cost of third-party inspection. External inspection and certification add 1.7 % to the price of the cotton.

Given the success of the project, more farmers want to join, and other ginneries would like to set up similar projects. For the time being it has been decided to consolidate the Lango project as it is, although interested parties are of course free to visit it and to replicate it.

The capacity of the management of the Lango Union to operate the scheme has been found to be limited. Employing extension workers is new to them, as are internal quality assurance and direct contact with importers, and they lack confidence. It is also difficult to make farmers aware of wider sustainability issues.

# SWITZERLAND

## *Economic co-operation policy*

235. Trade-related policies towards developing countries are based on the general objectives of the Swiss economic co-operation policy, which are the following:

- support developing countries in their structural adjustment efforts and East European countries in their transition efforts and assist them in the absorption of internal and external shocks;
- facilitate the integration of developing and East European countries in the world economy;
- develop productive capacities and infrastructure;
- reconcile economic growth objectives and environment protection.

236. These objectives are to be reached through various measures, one of which is support for investment and trade promotion services. The economic co-operation policy also contains general operational principles which apply to all programmes and projects. In particular, programmes and projects should:

- promote the private sector (which does not preclude support to governments or public infrastructure) in recipient countries;
- complement efforts by recipient countries as well as efforts by the private sector (in recipient countries or in Switzerland) and not substitute them;
- be adapted to the countries' needs and economic potential as much as possible;
- be geographically concentrated on a limited number of countries;
- be co-ordinated with other programmes and projects executed or

financed by Switzerland through other international agencies; and

- contribute to regional integration.

## *Trade-related co-operation*

237. The Swiss trade promotion activities are primarily aimed at strengthening the capabilities of developing countries to integrate better in the world economy. Trade-related co-operation has three main components:

- **Strengthening of trade policy formulation and implementation in recipient countries.** The most important activities are the training of trade policy experts, strengthening of ministries' departments responsible for trade policy, dialogue with the private sector and direct support to delegations from least developed countries participating in trade negotiations. The Target groups are government officials in charge of trade and trade-related policies as well as professional associations.
- **Raising the efficiency of trade operations.** Obstacles to trade and transaction costs should be reduced. The efficiency of trade-related services (trade information, legal advice, trade financing, transport, certification, customs) should be increased. The efficiency of enterprises should also be improved, especially in their export/import operations (marketing, costing and pricing, specification, quality control, procurement, warehousing). The Target groups are trade-related services, professional associations, producers, exporters and importers.
- **Facilitation of access to the Swiss market and to markets of neighbouring countries.** The present import promotion programme executed by OSEC (Swiss Office for Trade Promotion), which fosters trade

between exporters from recipient countries and Swiss importers, will be extended to neighbouring European countries in collaboration with their import promotion offices. As a follow up to the Uruguay Round, the Swiss preference scheme (GSP) was also revised and improved. Since 1997 Switzerland provides special access to LDCs (no tariff restrictions for all industrial products, including textiles, and for most agricultural products). The Target groups are exporting enterprises.

238. In the framework of the last two components, the Federal Office for Economic Affairs (FOFEA) supports efforts of recipient countries towards exporting products which comply with environmental and social standards and requirements of Swiss and European consumers, provided that all groups of major players - producers, traders and consumers - participate in the effort.

#### *Collaboration between executing agencies*

239. FOFEA strongly encourages collaboration between international executing agencies. Even though each of them has developed specific capabilities and skills and has its own competence in line with its mandate, the projects/programmes should not be tailored to the capabilities of executing agencies, but should be designed according to the needs of beneficiaries and involve more than one executing agency (with one taking the lead and subcontracting some operations to the other). For example, if a product requires development which entails industrial capabilities, the product development component could be subcontracted to UNIDO. In the case of agricultural products, the Swiss government has capabilities and the executing agency should refer the matter to FOFEA.

#### *Project/programme approach*

240. To obtain maximum results, FOFEA sets the following basic criteria and principles:

- Regional economic integration. In many developing countries and countries in transition, the market is too small to attract investors. Increasing the size of markets would allow for economies of scale and help integration into the world economy. Searching for complementarity between neighbouring countries and developing South-South and East-East trade are a first step towards regional integration.
- Support to the private sector. Trade services to enterprises should be organised, controlled and delivered by the private sector. This is not only a way towards greater efficiency, this is also a way towards more local initiative. Thus FOFEA will not support the creation or the strengthening of state organisations unless the public sector can do it better than the private sector. Cost sharing could become a new principle.
- Sustainability, self-reliance and participatory development. If programmes/projects lead to several extensions or to resume after a few years of interruption, it means that they have been badly designed and have not led to sustainability. Financial resources are scarce and donors cannot afford any longer to repeat operations and rehabilitate equipment.

241. This entails the following approach:

- **Training** should be geared towards the creation of local capacities. Training of trainers should thus be preferred to direct training. If an executing agency wants to propose direct training, it will have to prove that training of trainers is not possible or is not worth carrying out. Direct training should be paid by trainees (or their employers) in order to cover its recurrent costs. A strategy has to be designed with the training institution or with the trainers for



this purpose. This is the only way for the training courses to continue without support when programmes/projects are completed.

- **Information** should also be paid for so that the responsible institution can update and adapt the information provided to its customers. A strategy has to be designed with the recipient institution at the beginning of the programme/project and requires consultation with and support of the users. Programme/project documents with trade information components must show the links with the Trade Efficiency Initiative of UNCTAD.

- **Use of local consultants and payment of consultancy services** by recipient enterprises: Programmes/projects providing consultancy services free of charge compete unfairly with national consultants. Thus the use of national consultants is strongly encouraged as well as the participation to the cost of international consultants up to the level of fees usually charged by national ones.
- **Participation of women:** each programme/project must describe how it will ensure the maximum participation of women. UNDP rules will apply in this field.

### **A New Proposal for Cost Sharing in Trade Promotion Between Peru (PROMPEX) and Switzerland (OSEC)**

In addition to the existing promotion possibilities (mainly in organically grown food or fashion promotion) Switzerland worked out a proposal together with PROMPEX: Individual programme for Peruvian exporters in product development (R&D) and product adaptation (P.A.)

This project involved a short audit/check by Swiss sector specialists at the respective companies and a contract between the export company, PROMPEX and OSEC based on the required input of consultant working days according to the exporter's needs. These R&D or product adaptation programmes normally result in an export promotion programme in Europe.

The following cost-sharing modalities have been discussed:

- exporter contribution (not for the initial contract but for the continuation):  
US\$150 per expert working day at the company
- PROMPEX contribution:  
US\$100 per expert working day in Peru + car facilities + interpreters
- OSEC contribution:  
US\$205 - 500 per expert working day including trip to Peru, hotel in Peru, domestic flights and expert salary.

Envisaged sectors include alpaca, processed food, organically grown food, Inca food, fish, fresh fruit and vegetables. PROMPEX budget approx. US\$10 000; OSEC budget approx. US\$50 000.

#### ***Macroeconomic framework, good governance, and assistance to LDCs***

242. The geographical scope of Switzerland's programme is determined mainly by two considerations: the policy framework and scarcity of resources.

- Beneficiary countries need to have a macro-economic framework conducive to the development of the private sector and to economic growth. Good governance is also a condition for

commitment by FOFEA. In co-ordination with the donor community, aid has been suspended in a number of countries where, for example, the participatory process was suspended. FOFEA will give executing agencies a list of countries where activities could be considered for financing and will decide on possible suspension of aid.

- For the sake of efficiency and impact of resource allocation, Switzerland's official assistance will be

concentrated on a limited number of countries. The main target countries are in principle: the least developed countries and other developing countries and economies in transition where Switzerland is active in the framework of its official development co-operation programme.

243. The following list of target countries shows the important role of LDCs as recipients of Swiss support in the field of trade-related assistance (1996 - 1998). In principle all **least developed countries** are eligible. However, priority will be given to LDCs where Switzerland is already active with a bilateral co-operation programme. In addition, some low and lower middle income countries are also eligible. The full list is:

- Africa: LDCs: Benin, Burkina-Faso, Chad, Eritrea, Ethiopia, Guinea-Bissau, Madagascar, Mali, Mozambique, Niger, Tanzania, Uganda, Zambia. Other eligible countries: Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Senegal, Tunisia, Zimbabwe and SADC regional projects/programmes.

- Latin-America: LDCs: Haiti. Other eligible countries: Bolivia, Colombia, Ecuador, El Salvador, Guatemala, Nicaragua, Peru, Mercosur and Andean Pact regional projects/programmes.
- Asia: LDCs: Bangladesh, Cambodia, Laos, Nepal. Other eligible countries: India, Indonesia, Jordan, Pakistan, Philippines, Sri Lanka, Vietnam and ASEAN regional projects/programmes.

244. It is understood that for projects/programmes aiming at strengthening the participation of developing countries in multilateral trade negotiations, WTO membership, or candidature, is a prerequisite. For projects/programmes aiming at the Swiss and European markets, export potential and economic relations with Switzerland and the European Union must be demonstrated. It is also understood that many LDCs have very little export potential and that an export base needs to be created.

### **Swiss Project: Organic Coffee in Ethiopia**

Coffee plays a vital role in the economy of Ethiopia, in recent years typically contributing over 60 % of the country's export earnings. Smallholders account for 90-95% of the annual production and the rest is grown on government-owned plantations. The coffee sector is the major source of employment in most rural areas, especially for women. Therefore, the overall welfare of the coffee sector and its export performance is of great social and economic importance to the country.

The Ethiopian Government has requested technical and financial assistance from the Government of Switzerland to help set up a certification programme/office for organic coffee in Ethiopia. In a Letter of Agreement, Switzerland has appointed the ITC/UNCTAD/WTO to execute the following activities:

- Conduct field survey.
- Identify suitable areas for separate processing and marketing of organic coffee. This includes surveys about present farming practices and farm input and the impact of zero fertilisers or organic inputs.
- Ensure that the coffee post-harvest handling at farm level, the international transport from farm to the auction and from auction to the harbour can be guaranteed to remain of organic quality.
- Assess and describe how a certification office could function and operate within the existing institutional set-up in Ethiopia.
- Explore possibilities for certification of Ethiopian organic coffee through co-operation with one or several internationally working certifying organisations which accredit the inspection and certification of the national certifying organisation.
- Conduct market surveys;
- Carry out market research in Europe and North America for certified and labelled organic coffee to assess whether the organic label will generate higher prices than normal bulk coffee and to present a marketing strategy for the promotion of organic coffee.

The financial contribution from Switzerland is: US\$411 000.

## UNITED KINGDOM

245. The Department for International Development (DFID) has provided a range of trade-related development co-operation activities, both bilateral and multilateral. Concerning the latter, DFID has for example assisted WTO in the area of project cycle management techniques and has also provided technical co-operation to UNCTAD in enhancing its evaluation systems.

246. An overview of trade development activities of DFID follows with some specific examples such as the Bangladesh Export Marketing Assistance Programme. In addition, as the United Kingdom has a long tradition of providing advice and services on tariff structures and customs regimes around the world, a description of the HM Customs & Excise - International Assistance is also given.

### The multilateral framework

247. DFID provides assistance to LDCs in West Africa as part of an Anglo-French initiative to support intra-regional trade through the West African Enterprise Network (WAEN), including support for participation in a trade assembly in Abidjan (completed in 1996) and a survey of business potential. WAEN is a network of over 300 indigenous businesses spread over 12 countries in West Africa which aims to develop business links among its members and with external partners.

### National policy making

248. DFID is funding projects on policy formulation in Lesotho and in Yemen:

- The Southern African Customs Union (SACU) Renegotiation Project is a contribution to strengthen Lesotho's long-term economic prospects by securing a favourable outcome from

the current SACU re-negotiation process (underway 1995 - 1997).

- Development of a regional container transshipment hub and industrial free zone in Aden, Yemen. The project focuses on legal and advisory support to the Free-Zone Authority in a re-negotiation of their agreement with a private sector investor (YEMINVEST). The project is still in a planning stage.

249. The United Kingdom also provides significant support for the streamlining of tariff structures and customs regimes.

- Customs reform project phase I: Installation of ASYCUDA in Malawi, as a next phase of support for its Customs Department (planned 1997 - 2001).
- Customs Department reform in Mozambique. The establishment, management and hand-over to the Government of Mozambique of a modern, effective and efficient Customs Department, involving a sustainable improvement in performance, especially in the areas of revenue collection and drugs control (underway).
- Uganda Revenue Authority. The project includes capital assistance to building a customs facility and technical assistance in the area of raising customs and other revenue (underway).
- Assistance to tax policy in Uganda (planned).
- ZRCAP Customs Modernisation Programme in Zambia. This project includes the installation of ASYCUDA in the Zambian Revenue Authority and the introduction of a Single Administrative Document to simplify trade administration (underway).

## Trade enhancement

250. DFID has funded one project for the promotion of trade-related infrastructure and a few others for human capacity building.

- Development of a regional container transshipment hub and industrial free zone in Aden, Yemen (see above). The project is supported by the World Bank. DFID has funded the following consultancies: a review of tenders for the role of the private sector investor, and a study of the impact of the project on the city's infrastructure. (Completed in 1996 - 1997.)
- Establishment of the Bangladesh Export Marketing Assistance Programme (BEMAP). BEMAP is an export marketing programme for 'fair trade' producers of, mainly, handicrafts and processed foods,

aimed at enabling producers to access mainstream markets through a range of services including trade promotion, market information and advice and technical assistance in such areas as marketing and product development, BEMAP will be based in a local organisation, with technical support from Traidcraft Exchange, UK. (Planned in 1997 - 2000.) A more detailed description of this project is given in the Box below.

- Project assistance in Tanzania to AMKA. AMKA is a charitable trust and export marketing agency which assists small and medium-sized enterprises in marketing and export development (underway).
- In Zambia, an export development partnership with Traidcraft Exchange is planned in collaboration with the EC. The aim is to promote exports in selected sectors (probably food, handicrafts and furniture) from Zambia to the EU.

## Bangladesh Export Marketing Assistance Programme

DFID has been collaborating with Traidcraft Exchange, a UK non-governmental organisation which promotes fair trade. The project will be put forward for approval in the autumn. The **project aims to increase commercial exports in the SME handicrafts sector**, and hence employment and incomes among poor producers through the establishment, within ECOTA Forum, of an independent export marketing service agency, the Bangladesh Export Marketing Assistance Programme (BEMAP).

“Fair Trade” producers of handicrafts in Bangladesh have successfully exported handicrafts to the “alternative trade” market for over 20 years. They are now experiencing dramatic decreases in sales levels as that market declines. At the same time, the internal market in Bangladesh is very limited and has already been amply exploited by the major organisations of handicraft producers. To stabilise their businesses, handicraft producers are now seeking to access the much larger, but more challenging mainstream markets. Many Bangladeshi small and medium-sized enterprises (SMEs) depend on core product ranges with limited export potential. A lack of wider market understanding, marketing skills, market information and an appropriate marketing support network makes access to mainstream markets difficult.

The ECOTA Forum is an association of handicraft producing development agencies working in Bangladesh. Founded in 1990, it works to promote and ensure a fair wage for the indigent producers of its fourteen member organisations, which include Aarong (a subsidiary of BRAC), The Jute Works, Kumudini and Ideas International. The **main objectives of the ECOTA Forum** are:

- To provide a forum through regular meetings for the discussion of problems common to handicraft organisations and to collaborate in searching for solutions to these problems.
- To encourage the sharing of resources in the areas of training, production, design and product development, technical assistance and marketing. To encourage the development of traditional indigenous craft skills.
- To co-operate in marketing handicrafts both locally and abroad.
- To compile and make available directories of foreign trading partners and producers for exporting to different countries.

**BEMAP services** will include technical market training, market information, marketing advice, trade promotion, product development and other areas of business counselling. Emphasis will be given to the development of competitive and market-driven products for export markets.

The **target beneficiaries** are poor and landless people, particularly women. They will be reached in part through direct service interventions with SMEs and in part through NGOs, government organisations and businesses who assist them, represent them or market their products. BEMAP is intended to be a sustainable initiative that responds to its client’s needs. Cost recovery will therefore be an important principle and BEMAP will recover an increasing share of its costs over the lifetime of the project.

An **important issue to be resolved** is the emphasis given to the promotion of “fair trading” *per se*, rather than increasing exports and employment in general. Both the UK partner, Traidcraft Exchange, and the local partner, the ECOTA Forum, exist to promote fair trade. The key issue here will be the criteria applied by BEMAP in deciding whether to support a potential client. A further issue is the “sectoral” focus of BEMAP, i.e., how far it will extend beyond purely handicrafts producers into areas such as processed foods.

251. A very specific initiative from the United Kingdom and with a long historical tradition is the HM Customs & Excise - International Assistance. The HM Customs

& Excise is providing high level legislative advice about customs systems to governments around the world.

### **HM Customs & Excise - International Assistance\***

HM Customs & Excise charts date back to the ninth century. It now has substantial experience in revenue collection, law enforcement and systems development. Working increasingly within consortia of public and commercial organisations, HM Customs & Excise is delivering solutions around the world through projects funded by the United Nations, the World Bank, the International Monetary Fund, the European Union, and others.

HM Customs & Excise supports UNCTAD with their Trade Facilitation Programme by providing on the ground expertise to the automated cargo system ASYCUDA. HM Customs & Excise is involved in ASYCUDA projects within Central and Eastern Europe, South East Asia, Caribbean Region and Southern Africa. As part of the overall customs reform programme HM Customs & Excise is seeking to introduce international customs conventions like the harmonised system of tariffs, single administrative documents, ISO codes and GATT valuation where appropriate. To combat smuggling and commercial fraud - in particular, the trafficking of drugs - HM Customs & Excise works with other countries and commercial organisations to make the international effort more effective.

Over the next three years, HM Customs & Excise plans to increase the number of its staff assisting overseas Governments from 90 people to around 300. They will be working in a variety of ways: giving training to customs staff in over 25 countries around the world, working as part of commercial teams advising on new administrative systems, acting as advisers on short and long-term loans overseas.

Fresh approaches to customs administration are being shared. For example, the staff spend more time now on risk assessment and spot-checks to further facilitate trade, and as a more efficient way of tracking fraud. Furthermore, systems have also been developed which give more responsibility to individual traders for the payment of excise duties. The UK's experience of administering sales tax forms part of its international consultancy service.

This new drive to support customs systems development internationally will see a new era of public/private partnerships which will combine the experience and integrity of both through professional collaboration.

\*—Information made available at the joint Swiss/UNCTAD seminar on Technical Co-operation for Trade and Development in the face of Globalisation, 23-24 November 1995, Ascona, Switzerland.

# UNITED STATES

## **Background**

252. The US Government has a \$ 40 million assistance programme, administered by the US Trade and Development Agency (TDA). This programme provides support for private sector and infrastructure development in developing and middle-income countries. Specifically TDA provides grants to fund feasibility studies on infrastructure and industrial projects, reverse trade missions and technical assistance and training related to infrastructure projects. TDA funds activities in Africa, the Middle East, Asia, Latin America, Central and Eastern Europe and the NIS. The following presentation of US trade development is mainly based on the information provided by the *Second Africa Trade and Development Report* (February 1997).

## **Trade and development policy for the countries of Africa**

253. The primary goal of the Administration's trade and development policy for the countries of Africa is to support sustainable development in the region and to quicken the pace of development, which is expected to boost US trade and investment in Africa. The US Administration seeks to accelerate the pace of development by:

- increasing trade flows between the United States and Sub-Saharan Africa;
- promoting economic reform as well as the development of the private sector and infrastructure;
- improving the investment climate; and
- strengthening efforts toward democratic governance.

254. For the present survey, the main emphasis is on those aspects of the Africa

Report which focus on trade liberalisation and promotion.

## **The multilateral Framework**

### ***Uruguay Round Agreements***

255. The United States has promoted efforts in several international organisations (WTO, World Bank, IMF, AfDB) to increase the integration of African countries into the international trading system. Within the framework of the WTO and its Committee on Trade and Development, the United States has encouraged the WTO to refocus its technical assistance programmes on promoting the understanding and implementation of WTO obligations among Members. As a result, technical assistance programmes now give special attention to the needs of the least-developed countries.

256. In addition to supporting WTO and the efforts of International Financial Institutions to assist developing countries in Africa and elsewhere on trade issues, the United States is encouraging African efforts to liberalise trade regimes individually and collectively. For example, the United States is encouraging the liberalisation of trade regimes by giving increased attention to identifying arbitrary and unfair tariff barriers that exist in certain African nations in the *National Trade Estimates Report*. In some cases, these citations have led to bilateral consultations aimed at arriving at resolutions that will encourage increased trade flows.

### ***Regional co-operation***

257. USAID's Initiative for Southern Africa (ISA) has sponsored a number of activities to provide small and medium-sized enterprises with a forum for discussion of regional policy. These activities include the formation of Small Enterprise Promotion Advisory Council, as



well as the establishment of a permanent office of the Southern Africa Enterprise Development Fund in Johannesburg. The Fund has already received 262 investment proposals from the business sector in the region. Also under the ISA umbrella, a regional framework has been developed with the SADC Transport and Communications Commission to improve the regional flow of goods and services.

258. In the SADC, where regional integration is underway, USAID's Regional Centre for Southern Africa financed the preparation of SADC's regional trade protocol agreement. In May 1996, a group of USAID economists travelled to the SADC countries to assess the trade and investment environment and identify major constraints to regional integration.

259. In 1995 the Greater Horn of Africa Initiative provided funds for a study that examined policy and regulatory constraints faced by business interested in investing in the Greater Horn of Africa countries. USAID also supported the restructuring and revitalisation of the Intergovernmental Authority on Development (IGAD), a regional organisation with a mandate to harmonise economic policies among the Horn of Africa countries and to improve food security in the region.

### ***General System of Preferences (GSP)***

260. The Administration has been successful in obtaining an important amendment to the GSP statute. The GSP programme provides duty-free entry for half of the 9000 products listed in the US Tariff schedule. As revised, the programme should be more useful to the least developed beneficiary countries (LDBC), particularly those in Africa. The LDBC exemption from competitive need limits continues to apply. These countries are not limited to a ceiling on the value or amount of imports of eligible GSP items.

261. Another special benefit for the LDBCs is the possible addition of up to 1,895 tariff line items to the list of articles with preferential duty-free access. Many of

the Sub-Saharan countries of Africa could benefit because they meet United Nation's criteria for least developed countries.

262. The Administration intends to launch a sustained effort to inform African governments and the private sector of the GSP programme benefits, requirements, and methods of operation. With the renewal of the GSP programme, USAID can now proceed with plans to hold Worldnet programmes on GSP and on other topics related to trade with Africa. Depending upon available funding, on-site seminars/workshops on "how-to import" into the United States will be arranged.

263. In addition, the Administration has determined that once SADC members ratify their trade protocol, it will designate SADC countries as "regional GSP beneficiaries". This will allow goods produced partially in one or more SADC countries having GSP status to qualify for GSP treatment. Extension of this benefit to SADC members who are individual GSP beneficiaries should provide an incentive to increase regional processing for export.

## **Trade enhancement**

264. The United States focus on increasing private sector non-traditional exports in Kenya, Ghana, Uganda, Zimbabwe, Guinea-Bissau, Guinea, and Malawi continues to help these countries generate much needed foreign exchange and income for micro-enterprises and farmers. In Ghana, for example, USAID's market liberalisation efforts have imported the enabling environment for non-traditional export production and marketing. In Guinea-Bissau, the USAID mission encourages the production and exports of cashews through its assistance to the National Agricultural Producers and National Association of Women with Economic Activities.

265. In February 1997, the Commercial Development Mission to Africa (Brown mission) built a foundation for expanded

commercial ties between Africa and the United States. The mission visited five countries : Côte d'Ivoire, Ghana, Kenya, Uganda and Botswana. In each country major initiatives were undertaken with African governments and private sector representatives to ensure continued benefits for both Africa and the United States. During this mission meetings with government leaders and private representatives from nearly 40 African countries and more than 150 US firms were organised. As a result, numerous contracts and agreements for American companies totalling nearly \$ 500 million were signed. A Memorandum of Understanding between the Department of Commerce and SADC was signed, aimed at increasing trade and investment ties between the United States and this twelve-country regional organisation by promoting SADC project opportunities to US industry.

266. To maximise scarce resources, three of the existing Commercial Service offices in Africa - Abidjan, Nairobi and Johannesburg - have taken on regional outreach responsibilities in co-operation

with their State Department colleagues in neighbouring diplomatic posts. The regionalisation of the Commercial Service enables the Department of Commerce and the Department of State to combine their efforts in trade promotion, business facilitation, and direct support for American companies.

267. In April 1996, the Trade Promotion Co-ordination Committee (TPCC) Africa Working Group was created. The group involves senior representatives of State, Commerce, USTR, Treasury, Labour, Agriculture, the Export-Import Bank (Eximbank), the Overseas Private Investment Corporation (OPIC), the US Trade and Development Agency (TDA), Energy, USAID and other interested agencies. The Working Group meets as necessary to follow up on initiatives of the Brown mission, and to address such key issues as trade and project finance, reverse commercial missions, and outreach to the US business community.

# Annex

## SURVEY OF DAC MEMBERS' CO-OPERATION FOR CAPACITY DEVELOPMENT IN TRADE

### REQUEST FOR INFORMATION

#### Explanatory Note

1. Development co-operation should play a vital role in helping developing countries, both indirectly and directly, to unlock their trade potential and promote the kind of economic and political environment necessary to attract investments, enhance competitiveness and mobilise domestic and international resources. It can contribute to developing the capacity necessary in a wide range of areas which are essential for trade, such as support for private sector and infrastructure development, good governance and human resource development. These are fundamental elements of development co-operation which underpin successful integration of developing countries in a highly competitive world economy.

2. Experience has demonstrated that to be effective in this area, development co-operation must take a holistic approach linking demand and supply sides, macroeconomic and structural reform, market access and capacity development. Individual measures to create the right policy framework or to build productive capacities are not in themselves sufficient if taken in isolation. They have to be combined through a comprehensive approach and carried out in an integrated way, otherwise, there is a risk of losing synergies and undermining potential in stimulating trade and investment.

3. In this light, it is difficult both conceptually and practically to delink direct and indirect activities aimed at enhancing trade capacity. Nevertheless, to fill specific information gaps, the scope of the present survey will be limited to those activities which are directly geared towards enhancing trade capacity, using the following framework for reference. It would be useful in this context to extend coverage of information to the activities of Member countries' trade promotion organisations providing assistance to developing countries.

4. **Members are requested to report briefly (and provide any supplementary documentation) on their development co-operation activities, underway or planned, in relation to each of the following categories.**

#### The multilateral Framework

- *Uruguay Round Agreements*: Donors can help developing countries understand and implement agreed international trade rules with respect to all the major areas covered such as agriculture, textiles and clothing, trade-related intellectual property rights, market access for goods and services. Development co-operation in this area can help developing countries make the most of the new opportunities available and acquire the means to participate effectively in relevant

meetings. Special assistance is also directed to adjusting countries which may experience temporary losses from the Uruguay Round, and to those wishing to accede to the WTO.

- *Environmental requirements:* Developing countries are facing a range of new environmental policies and requirements in their export markets. Donors can enhance their partners' trade opportunities and environmental performance by helping them to comply with new standards at the national, regional and international level.
- *Food safety and health requirements:* Consumer pressure is leading to increased regulation and stricter enforcement in the food industry as a consequence of growing publicity about food-borne diseases. Developing countries can be at a disadvantage in international trade with less sophisticated means for food safety control. Development co-operation can help them build the necessary regulatory framework and infrastructure to enhance their food safety standards and comply with international standards.
- *Regional co-operation and integration:* For many developing countries, trade with neighbouring countries is a step towards broader integration. Development co-operation can help countries engaged in regional co-operation arrangements to adapt to trade agreements, thus facilitating the transition to competition in larger markets.

## National policy making

- *Policy formulation and implementation:* Development co-operation can assist in strengthening institutional and human resource capacity in the public sector including the training of trade policy experts, strengthening of ministries/ departments responsible for trade policy, facilitating dialogue with the private sector and direct support to delegations from developing countries to participate effectively in trade negotiations
- *Tariff structures and customs regimes:* Donors can assist developing countries to rationalise and simplify their trade policy regime and customs procedures.

## Trade enhancement

- *Trade-related infrastructure:* Development co-operation can help to promote investment in relevant physical infrastructure, improve access to information, and develop commercial and research infrastructure.
- *Entrepreneurial capacity:* Development co-operation can help with training and apprenticeships to master basic business management skills including financial management, improved production, technology acquisition and application.
- *Human and institutional capacities:* Development co-operation can help develop the capacities of professional associations, business networks or wider networks linking research, product development, production and marketing, and encourage dialogue between the public and private sectors.
- *Trade finance:* Donors can help to provide export cover, pre-export financing and working capital.

- *Export development*: Development co-operation can help support special centres for developing trade capacity and related services in the area of product design and packaging, marketing information and expertise. Donors can also support trade missions, linkages to foreign business partners and distribution networks.