

Aid for trade: role in the current WTO negotiations

Elizabeth Stuart, trade policy adviser

Lstuart@oxfam.org.uk

Overseas Development Institute

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What happened in Hong Kong

- Positive that it is part of the negotiations
- Hong Kong very high up agenda
- But became a political football
- US (doubling to \$2.7bn by 2010), Japan (\$10bn over 3 years) and most of EU (Euros 2bn by 2010) announcements were:
 - Reannouncements
 - Not budgeted for
 - Future commitments
 - Japan: concessional loans
 - Conditional

But useful wording in Hong Kong text on the Integrated Framework

- Paragraph 50: provide increased, predictable, and additional funding on a multi-year basis;
- strengthen the IF in-country, including through mainstreaming trade into national development plans and poverty reduction strategies; more effective follow-up to diagnostic trade integration studies and implementation of action matrices; and achieving greater and more effective coordination amongst donors and IF stakeholders, including beneficiaries;
- improve the IF decision-making and management structure to ensure an effective and timely delivery of the increased financial resources and programmes.

And on aid for trade

Paragraph 57:

Aid for Trade cannot be a substitute for the development benefits that will result from a successful conclusion to the DDA, particularly on market access.

Since then....

- Taskforces very active, although more questions than decisions
- Truly collaborative
- But:
 - Agency 'bunfight'
 - Carrot dangling (plus some stick)
 - Oversell?

Caveat receptor

- The EU: it's part of the 'single undertaking'
- The US: if you want the money, sign the deal
- Japan?
- Plus: we still don't know how much money will be in the pot (vis other funding commitments)

Some dcs sceptical

Love Mtesa: "If aid for trade is to make sense it must address supply side constraints and at the moment we cannot talk about tradeoffs."

Sheila Kawamara Mishambi, East African Legislative Assembly: "We are not in support for aid for trade. It is a smoke screen to smuggle in other issues that do not benefit us. Let the WTO stick to what it is supposed to do. Simply, conventional aid has not proven to solve African problems. Goodwill for funds has in the past resulted in resources taken out of our countries. It has indebted Africa. As far as we are concerned, a discussion of aid does not belong in the World Trade Organization. "

So what does Oxfam want?

- We like aid for trade, so long as its done right
- Additional predictable money with no conditions
- Commitments before end of round
- Payment asap
- Use existing mechanisms, but plug the gaps
- Adequate monitoring
- Based on identified trade-related needs and projects
- Proper stakeholder consultation (basic problem)
- And implement the Marrakesh Decision

Show me the money.....

... but how much?

- Fund trade-related projects
- Social costs of implementation and adjustment:

Kevin Gallagher, Tufts University, Global Development and Environment Institute: "The current deal on the table will bring less than a penny per day per person while it will cost these countries \$62 billion in lost tariff revenue. "