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General Council WTO

Mobilizing Aid for Trade: A Global Review

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- Dear Mr Chairman, honourable speakers, appreciated guests, I want to make a few points on Germany's Aid for Trade agenda.
- Since the WTO Ministers Conference in Hongkong Aid for Trade has experienced a substantial increase in political significance. Aid for Trade is aiming at supporting the developing countries in their integration into the world market, thereby increasing their development opportunities. Aid for Trade is independent from the Doha Development Agenda and is a complementary instrument. Nonetheless, the development potential of the Doha Round going beyond that should not be underestimated.
- Within the framework of the EU strategy on AfT: "Enhancing EU support for trade-related needs in developing countries" the EU and its member states will increase their Trade-Related Assistance alone, i.e. the narrower Aid for Trade definition, by 2 billion Euros annually by the year 2010.
- Under her EU Presidency Germany has forcefully worked towards further developing the EU Aid for Trade strategy. Aid for Trade plays a major role also in our bilateral development cooperation. During the period 2001-2005 Germany had been the second-biggest bilateral donor of trade-related development aid with an amount of around 323 million

Euros (according to the Doha data base in the narrow Aff definition, i. e. Trade Related Assistance). We stand by our commitment. Our Aid for Trade assistance under the EU strategy is - within our overall ODA commitments - additional, sustainable and predictable. It is our objective **to support in particular the LDCs in their integration into the multilateral trade system** and to enable them to actively attend to their own interests.

- The EU strategy is based on the **principles of the Paris Declaration** and has set high standards in terms of partner-orientation, ownership of aid and quality of measures, and trade-related assistance for capacity building. **A substantial part of the trade-related assistance will benefit the ACP countries** under the EU strategy and in our bilateral development cooperation.
- However, success in the partner countries cannot be achieved by a **mere increase in funds**. The Aid for Trade process builds upon the clear **leadership role and own responsibility of the countries** in formulating their own development strategies. Hence, **identification, prioritisation and feedback of qualified needs of the recipient countries** to donors are a crucial precondition for the effectiveness of Aid for Trade measures.
- It is true that in particular the **problems on the supply side** in the developing countries must be resolved to increase productivity and exportability on the part of enterprises. Other conditions for an overall social development and lasting integration **in global value chains** being successful are **the strengthening of the private sector and ministries**

for trade and economy and especially, efforts being undertaken towards regional integration.

- All in all, the share of the developing countries in global trade is on the rise. However, the full potential is far from being exhausted. Sub-Saharan Africa still occupies a position on the fringe as far as global trade is concerned. One possibility of obtaining a larger share of the opportunities offered by globalisation is regional cooperation processes. Regional integration is necessary to strengthen south-south trade and Africa's sustainable development. The Aid for Trade Conference in Dar Es Salaam has confirmed the significance of regional integration.
- In the light of our historic experience in the EU I wish to make it quite clear: regional integration is a time-consuming, complex and difficult process of convergence and understanding. In the long term, however, the advantages clearly hold sway. Regional integration creates a stable and reliable environment for social development and fosters peace and security. And these are just the preconditions which must be fulfilled to increase investments, bring forward the economic strength of the regions as a whole and reduce poverty. In order to achieve this goal, Germany also supports the Enhanced Integrated Framework in the LOCs. At the same time, solutions must be found how similar aid instruments can be established also for some non LOC low-income countries.
- Ladies and Gentlemen, I wish to thank you for your attention and wish you much success. We will assist you on your path as best we can.