



United Kingdom

ISSION

To the Office of the
United Nations and Other
International Organisations at Geneva

Intervention by Gareth Thomas MP, United Kingdom Parliamentary Under-Secretary of State for Trade and Consumer Policy, during the Bilateral Donors Panel.

WTO Global Review of Aid for Trade, Tuesday 20 November.

Director General, fellow Ministers, ladies and gentlemen:

I would like first of all to pay tribute to the WTO Director General Pascal Lamy, and Valentine Rugwabiza, Deputy Director General, as well as the staff of the Secretariat for so successfully organising this event.

I want to highlight three key issues:

- firstly the need for a new Trade Compact - a stronger partnership between donors and developing countries to deliver the greater trade and economic growth necessary to achieve the Millennium Development Goals
- secondly to highlight the needs of all low-income countries, including non-LDC low-income countries, for aid for trade resources
- and thirdly to make the case for more investment in the regional projects crucial for increasing trade between countries

The Doha round has taken too long to deliver on the aspirations of 2001.

Low income countries in particular - many of which are represented here today - cannot *afford* to wait any longer.

All of us must work to ensure that the Doha trade talks are concluded as soon as possible and in particular to ensure that implementing the Hong Kong package for the poorest countries is given particular priority. Indeed *vife* would like it further improved.

This Global Review on Aid for Trade is a first step to ensure we accelerate our efforts to help developing countries exploit new trading opportunities.

It provides a framework to ensure that pledges on Aid for Trade will be fulfilled and that aid will be effectively delivered.

Many donors, including ourselves are already supporting partner countries in trade through for example the one-stop Border Posts we helped set up in Africa, or what we've done to boost regional trade in Latin America by building up small and medium-sized businesses, or the Action Plan for managing the challenges of WTO membership the Vietnamese Government has drawn up with our support.

But let us be clear.

The ability to meet our commitments on Aid for Trade is fundamentally dependent on us as bilateral donors fulfilling our Gleneagles and European commitments on overall aid.

We can not escape this.

Just last month the UK confirmed that we remain on track to fulfil our overall aid commitments.

By doing so, our commitment to increase by 50 percent our Aid for Trade expenditure, to \$750 million per year by 2010, will be achieved.

With the expansion in the overall aid budget, we will achieve this without undermining other important activities - for example in health care and education.

We strongly call on other donors to do likewise.

This leads me to my three specific points.

Firstly we need a new Trade Compact - a "Compact for implementation".

Developing countries need to mainstream trade into their strategies for the future.

They need to launch trade reforms that make it possible for them to grasp the benefits of a better trading system. And they need to

place trade reform and policies to support growth, right at the heart of their development plans.

Secondly, the international financial institutions and regional banks need to ensure that all low income countries, LOGs or not, have access to new resources, to help with trade capacity building.

Thirdly, as bilateral donors we need to address the regional aspects of Aid for Trade, and complement our traditional country focus with support towards regional programmes - looking at regional policy reforms, infrastructure and regional institutions. We also need to ensure that aid is delivered in an effective and coordinated way, with a robust evaluation and monitoring system in place so the WTO can rightly hold us to account.

Despite the existing activity on Aid for Trade, gaps remain in its provision.

While there is not necessarily a need for any new financial instruments, there is a need to consider non-LOG low-income countries (that is the 18 non-LOG IDA only countries) that have

tended to be overlooked in our efforts to boost countries' capacity to trade.

In September this year, in Stockholm, I attended a very successful pledging conference for the Enhanced Integrated Framework for LOCs, where pledges made exceeded the target for the first two years.

The UK's commitment to this is well known.

But it is now time to consider others that face similar difficulties and will not benefit from the Enhanced Integrated Framework.

The Aid for Trade task force recommended that 'where necessary, a similar approach should be established for non-LOG IDA only countries.

The UK supports this and we shall champion it.

We are prepared to allocate resources in addition to those that we pledged for the LOG group, and we are prepared to provide support to non-LOG IDA only countries [to the tune of £17 million over five years].

A further gap relates to regional projects.

The potential benefits of regional cooperation can be large particularly for small, very poor landlocked countries.

Country competitiveness can be greatly enhanced by regional integration, cross-border coordination of infrastructure and policy to help lower trade costs.

We have been working with the World Bank and Sweden to establish a multi-donor trust fund to address these areas and can announce that the UK will commit around £4.7 million to this trust fund over a three year period.

We look to others to do the same.

I can also announce that the UK will make a contribution of €10 million to the new EU Africa Infrastructure Trust Fund, which will address similar issues by helping with the design and financing of regional infrastructure projects in Africa, typically cross-border transport and energy projects.

Let me close by thanking the WTO for hosting a very timely conference.

The international support for Aid for Trade is clear, our commitments have been made but now we must turn these into action.

Implementation is now critical to ensure the poorest can benefit from the huge potential gains that the global trading system can offer, to increase growth and achieve sustainable and lasting poverty reduction.

Thank You