

Foreword

Back in 2005, at the WTO's 6th Ministerial Conference in Hong Kong, WTO members formally recognized that in a well-functioning multilateral trading system, all economies should have the capacity to benefit from global trade. Since then, the international community has taken action to support developing economies in improving trade-related infrastructure and building supply-side productive capabilities. The goal: boost developing countries' participation in global trade, and in so doing, accelerate economic growth, poverty reduction, and job creation.

Since 2006, US\$ 795 billion has been disbursed under the Aid for Trade initiative. In that time, developing economies' merchandise exports have more than doubled in value, while their share in the global total has risen from 38 per cent to nearly 50 per cent. Their services exports have increased fourfold in value terms, with their global market share increasing from one-quarter to one-third. These achievements provide a strong foundation for further progress to ensure trade expansion benefits all. Trade-related development cooperation has an important role to play.

This joint OECD-WTO report – *Two Decades of Trade and Development Partnerships: Trends and Impact of the Aid for Trade Initiative* – brings together data and evidence on what has worked over the past 20 years, where gaps remain, and how partnerships can evolve to meet current trade and development challenges. Aid and trade are both fundamentally about improving people's lives, and the impact stories highlighted in this report illustrate how bringing the two together has improved economic opportunities for millions of people.

The report pulls together a wide range of empirical evidence about Aid for Trade. It shows how support for trade policies and regulation can yield impressive

dividends. For example, the OECD estimates that implementation of the WTO Trade Facilitation Agreement has contributed to a 5 per cent reduction in trade costs globally over the last decade.

The report also documents how, over the past two decades, developing economies have emerged as more prominent and influential voices within WTO committees and negotiations. They have helped shape WTO rules and practices to respond more effectively to their needs. For instance, multilateral agreements on trade facilitation and fisheries subsidies have come with technical and financial support for developing countries to enhance capacity and implement their obligations. Taking into account developing economies' needs and priorities so that they can benefit more fully has become a standard theme throughout the work of the WTO. The WTO's own technical assistance continues to build human and institutional capacity for more effective participation in the multilateral trading system. Between 2006 and 2026, over 178,000 officials benefitted from the WTO's training and technical assistance.

In parallel, the OECD Development Assistance Committee has sought to advance shared approaches to effective development cooperation to ensure that trade-related support can have greater impact. This includes providing analysis and tools that help partners identify financing gaps, assess results and strengthen trade-related development partnerships. The OECD has also provided practical recommendations to support better border processes, more transparency and enhanced inter-agency co-operation.

For all the progress developing economies have made in global trade, there is still a long way to go. African countries still account for only 3 per cent of global merchandise exports, and around 2 per cent

of global services exports. Least-developed countries account for 1 per cent of global merchandise exports and only 0.5 per cent of global services exports. Many smaller developing economies still find it challenging to participate effectively in WTO negotiations. These persistently low shares represent challenges not just for the developing economies in question, but for the multilateral trading system itself.

The global trading landscape continues to evolve. New technologies and expanding markets are increasing opportunities for economic growth and development, even as intensifying geopolitical tensions and unilateral actions contribute to fragmentation and uncertainty. Development cooperation is also changing fast. Official development assistance is under severe pressure as governments face competing demands for public finances.

Despite the present disruptions to the trading system, the WTO continues to provide a stable and predictable core to the vast majority of global trade. Renewed, better-targeted development partnerships can help developing countries seize the opportunities that arise in an evolving global environment, even as governments work to deliver much-needed reforms to the WTO rulebook.

OECD data and standards remain an important foundation for effective and accountable development co-operation. The ongoing Development Assistance

Committee Review is examining how the Committee can better support members and partners, including how development cooperation, trade and investment can complement one another to strengthen productive capacity and expand economic opportunities in line with developing economies' priorities.

Making the most of every possible resource is more important than ever. First, scarce concessional resources must be channelled to where needs are greatest and financing gaps are widest. Second, support for trade-related sectors should continue, given their strong potential to leverage additional, growth- and employment-enhancing investments from the public and private sectors. Third, with traditional development assistance in decline, we need to broaden existing partnerships and build new ones to catalyse the financing required to meet the trade needs of developing economies, especially LDCs. Innovative financial tools are needed to mobilize additional resources from the public and private sectors. Developing economies are increasingly shaping such partnerships as traders, investors and providers of South-South development cooperation.

The task ahead is to use the foundations laid over the past two decades to forge partnerships grounded in developing economies' priorities – partnerships that help them turn trade opportunities into growth, jobs and better lives.



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