



Student Chapter Theme Document

Trade & Aid

“It is stupid to provide aid with the objective of promoting development and then adopt trade policies that impede that objective.”

- Paul Collier, in *“The Bottom Billion”*

| | |
|---|----|
| CLA-ACE Key Dates..... | 1 |
| CLA-ACE Annual Theme..... | 2 |
| This Year’s Topic is “Trade and Aid”..... | 3 |
| Trade vs Aid | 6 |
| Aid for Trade..... | 7 |
| Fair Trade..... | 9 |
| Suggested Events..... | 11 |
| Online Resources..... | 13 |
| Appendix..... | 14 |

Acknowledgments

CLA-ACE would like to thank Laura Little for her time & effort spent producing this comprehensive handbook.



Key Dates

| Date | Event | | | | | | | | |
|---------------------|---|------------------|-------------------------------------|------------------|---|------------------|---|-----------------|---------------------------------------|
| September 15, 2008 | <p>Early Bird Registration for the CCIL Conference <i>CCIL sponsors a travel grant for students to attend their conference. Funding is available on a first come first serve basis, and is limited. See http://www.ccil-ccdi.ca/index.php?option=com_content&task=view&id=241&Itemid=117 for details.</i></p> | | | | | | | | |
| September 22, 2008 | <p>Send CLA-ACE the following information:</p> <ul style="list-style-type: none"> • Your Executive Members & their contact information • Names & Emails of your general members (for input into our database) • The dates of your school's Reading Week • Your potential Calendar of Events for the year • Potential Fundraising Opportunities (e.g.: bursaries, Dean's fund, Clubs seed money, etc.) | | | | | | | | |
| October 16-18, 2008 | <p>Canadian Council on International Law (CCIL) Conference on "International Law in the 21st Century: Responding to Changes in the Global Landscape" at uOttawa (see www.ccil-ccdi.ca for details)</p> | | | | | | | | |
| October 16, 2008 | <p>CLA-ACE Student Chapter Executives Session (held in conjunction with the CCIL conference in Ottawa)</p> <table border="1" data-bbox="535 1251 1385 1507"> <tbody> <tr> <td data-bbox="535 1251 824 1289">• 1:00 – 3:00 PM</td> <td data-bbox="824 1251 1385 1289">Best Practices for Student Chapters</td> </tr> <tr> <td data-bbox="535 1289 824 1327">• 3:00 – 5:00 PM</td> <td data-bbox="824 1289 1385 1327">Student Job Fair & Forum at CCIL Conference</td> </tr> <tr> <td data-bbox="535 1327 824 1436">• 5:00 – 6:00 PM</td> <td data-bbox="824 1327 1385 1436">Keynote address by Daniel Bellemare, Prosecutor Designate, Special Tribunal for Lebanon</td> </tr> <tr> <td data-bbox="535 1436 824 1507">• 7:00– 9:00 PM</td> <td data-bbox="824 1436 1385 1507">Meet & Greet/Pub Night (location TBA)</td> </tr> </tbody> </table> | • 1:00 – 3:00 PM | Best Practices for Student Chapters | • 3:00 – 5:00 PM | Student Job Fair & Forum at CCIL Conference | • 5:00 – 6:00 PM | Keynote address by Daniel Bellemare, Prosecutor Designate, Special Tribunal for Lebanon | • 7:00– 9:00 PM | Meet & Greet/Pub Night (location TBA) |
| • 1:00 – 3:00 PM | Best Practices for Student Chapters | | | | | | | | |
| • 3:00 – 5:00 PM | Student Job Fair & Forum at CCIL Conference | | | | | | | | |
| • 5:00 – 6:00 PM | Keynote address by Daniel Bellemare, Prosecutor Designate, Special Tribunal for Lebanon | | | | | | | | |
| • 7:00– 9:00 PM | Meet & Greet/Pub Night (location TBA) | | | | | | | | |
| December 1, 2008 | <p>Summer 2008 CLA-ACE Internship Applications available at www.cla-ace.ca</p> | | | | | | | | |
| January, 2009 | <p>Deadline for applications for Summer 2009 Internships</p> | | | | | | | | |
| Mid-February, 2009 | <p>Summer 2008 Internships selected</p> | | | | | | | | |
| April, 2009 | <ul style="list-style-type: none"> • Next year's student chapter selected • Send contact info to CLA-ACE | | | | | | | | |



CLA-ACE Annual Theme

Each year our Student Chapter Program focuses on a theme. The purpose is to allow students to gain a better understanding of pressing international issues so that they can use this knowledge to help educate others and contribute to **finding solutions**. Our motto is: **LEARN, THINK, DO!**

Student Chapters are expected to educate themselves, the wider academic community and the general public on the theme through various activities (e.g., organizing seminars and speakers, writing articles, participating in conferences). The topics that we choose each year are intentionally interdisciplinary. ***They can't be understood properly by only looking at them through the lens of the law.***

1. This year's topic is "Trade and Aid"

a) How do trade and aid affect poverty?

The international community has spent billions of dollars on foreign aid over the last half century in an effort to help eradicate poverty in the developing world. For the most part, however, these aid flows have failed to trigger significant economic growth in developing countries. The results have been especially weak in Africa, where countries have actually become poorer with increased dependence on foreign handouts. Many world leaders now argue that "aid isn't the answer" for long-term poverty reduction.

With growing concerns about the effectiveness of aid, there has recently been a renewal of international support for the idea that trade can contribute to poverty reduction by helping countries achieve economic development. The potential impact of trade is huge – for instance, it is estimated that a 1% increase in trade from Africa would be the equivalent of five times the amount of aid the continent now receives. Thus, trade clearly stands to play a key role in reaching the Millennium Development Goals.

Recognition of this potential has led to greater calls for the removal of protective trade barriers that prevent producers in developing countries from accessing markets abroad and sharing in the benefits of trade. In fact, this was a driving force behind the current round of multilateral trade negotiations at the World Trade Organization (WTO).

b) The Doha "Development" Round

A primary goal of the Doha Round of WTO negotiations is to address problems specific to developing countries, such as implementation-related issues and concerns and agricultural subsidies. When the talks were launched in 2001, all 150 member countries acknowledged the unequal nature of the existing global trade regime and agreed to focus on improving the ability of poorer countries to develop and prosper from trade. Unfortunately, the collapse of a high-profile WTO summit in July 2008 signalled yet another missed chance for the world's poor to reduce their poverty through a more balanced global trade regime. Now entering its seventh year, the Doha Round is in a state of perpetual deadlock. As one observer of the recent talks noted, following Doha is "like watching paint that never dries."

The current stand-off is between rich countries (US, EU) and wealthier developing countries (India, China). While the former group is reluctant to cut the maximum allowable subsidies and protections they extend to their politically powerful agriculture sectors, the latter does not want to give up industrial tariffs that shelter their growing markets. Whether the final outcome favours the traditional major players or the

emerging economic powers, it seems increasingly likely that the losers from the impasse will be the poorest countries.

c) Does it really matter if Doha fails?

Many would argue that the answer is “no.” Yet, while reaching agreement would only add another \$100 billion, or one tenth of one percent, to the world economy, the failure of the Doha round would hold far-reaching implications. It could trigger a retreat to regional and bilateral trade agreements, and send a discouraging signal to an already suffering world economy. Conversely, the opening of markets and growing economic interdependence embodied by an agreement would act as forces for greater geopolitical stability and rising economic welfare for the world’s poorest people.

d) Canada’s position in international trade negotiations

There is a debate about whether Canada is doing enough in support of the development objectives of the Doha Round. Despite publicly declaring its commitment to reaching an agreement, the Canadian government is receiving international criticism for its unwillingness to budge on the issue of agricultural market access. However, as in other rich countries, Canada’s rigid position is being heavily influenced by domestic politics.

For the Conservative government, as for previous Canadian governments, failure in international trade negotiations means political success at home. This is largely because of the extremely powerful lobby groups that defend Canada’s supply managed egg, poultry and dairy industries. Supply management involves strictly limiting imports in these sectors and imposing high tariffs on imports beyond that level. If the Doha Round talks were to succeed, Canada would be forced to dismantle the supply management system, triggering serious political retribution from the protected sectors.

The result is that Canada has essentially been sidelined in the Doha Round talks. While Canadian negotiators demand that other countries lower their subsidies and protection for agricultural products that we export (grain, pork, cattle), they also insist that whole sections of Canada’s agricultural market remain effectively closed to imports. This hypocrisy has been widely noted abroad, but does not seem to bother the majority of Canadians. Until it does, or until a WTO agreement is reached that we are forced to accept, Canada’s position is unlikely to change.

For more background:

Jeffrey Simpson on breakdown of WTO talks:

www.theglobeandmail.com/servlet/story/RTGAM.20080729.wcosimp0729/BNStory/spcialComment/?query=

International Trade Minister Michael Fortier comments on Canada's position:

<http://ago.mobile.globeandmail.com/generated/archive/RTGAM/html/20080721/wrwt021.html>

e) Trade and Aid By the Numbers:

- 2.7 billion: Estimated number of people in the world existing on less than \$2/day.
- \$40-70 billion: Needed to meet all eight Millennium Development Goals by 2015.
- \$70 billion: Amount Africa could generate if their share of world exports increased by 1%, approximately five times what the continent now receives in aid.
- \$25 billion: Amount spent annually on US farm subsidies.
- \$20 billion/year: What Africa needs in infrastructure investment until 2015 to sustain an economic growth rate of 7%; current commitments are for \$10 billion.
- \$21 billion: Global Aid for Trade commitments between 2002 and 2005, or 34% of total donor aid to developing countries.
- 51%: Share of global Aid for Trade to Asia between 2002 and 2005, followed by Africa 30%, Latin America and the Caribbean 7%, Europe 5% and Oceania 1%.
- \$536 million: Amount Canada spent on trade capacity building initiatives abroad from 2002 to 2007, with over \$74 million committed in 2007.
- \$2.6 billion: Total global fair trade sales in 2006.
- 93%: Growth in the global fair trade cocoa sector in 2006 (coffee has grown by 53%; tea by 41%; and, bananas by 31%).
- 2 cents: Amount developing country farmers receive from the average \$3 latte.
- 10 cents: Amount of social premium on top of the per kilo price that fair trade certified coffee farmers receive.

The remainder of this Handbook will cover three sub-issues that help to illustrate the linkages between trade and aid: **Trade vs. Aid**, **Aid for Trade**, and **Fair Trade**.

While early debates centered on the viability of aid and trade as substitutes for their impact on development, more recently there has been interest in the convergence of aid and trade.

Aid for Trade initiatives that focus on increasing trade-related capacity constitute a growing share of total foreign aid flows. At a more grassroots level, the global fair trade

movement seeks to create new opportunities for poverty reduction by building equitable and sustainable trading partnerships for producers in developing countries.

2. Trade vs. Aid

a) The “Aid vs. Trade” debate

The central issue of the “Aid vs. Trade” debate is whether the best way for the international community to help developing countries escape poverty is by enabling trade or donating aid.

Traditionally, aid has been considered more advantageous for poor countries on the grounds that it is linked to a country’s need rather than its ability to engage in trade. However, growing criticism of foreign assistance has been fuelled by evidence of inconsistencies in aid disbursements, corruption in both donor and recipient governments, aid absorption issues, and poor ownership in the receiving country. This has led many to ask whether providing foreign aid is really the best solution.

Recent research suggests that trade preferences are perhaps a more effective tool for development than aid. International trade can provide developing countries with new markets for business and access to goods, services and investment that contribute to domestic jobs and growth. Trade relationships also allow developing countries more equal footing in the international community, without many of the negative aspects associated with an aid programme.

In the right circumstances, trade liberalization creates opportunities for development, but other factors determine the extent to which those opportunities are realised. For instance, barriers to trade are often imposed by the international system. Trade can also overwhelm local economies with unfair competition, unwanted corporate exploitation, and damage to the environment. Thus, the terms of a country’s connection to global markets, usually in the form of trade agreements, make all the difference.

For more background on Trade vs. Aid:

The Independent – “Bob Geldof: Aid isn’t the answer”

www.independent.co.uk/opinion/commentators/bob-geldof-aid-isnt-the-answer-africa-must-be-allowed-to-trade-its-way-out-of-poverty-478355.html

Jeffrey Sachs, on why trade isn't enough

www.globalpolicy.org/socecon/develop/africa/2005/0620jsachs.htm

Forbes.com “Aid vs trade”

www.forbes.com/2005/03/30/cz_0330oxan_aid.html

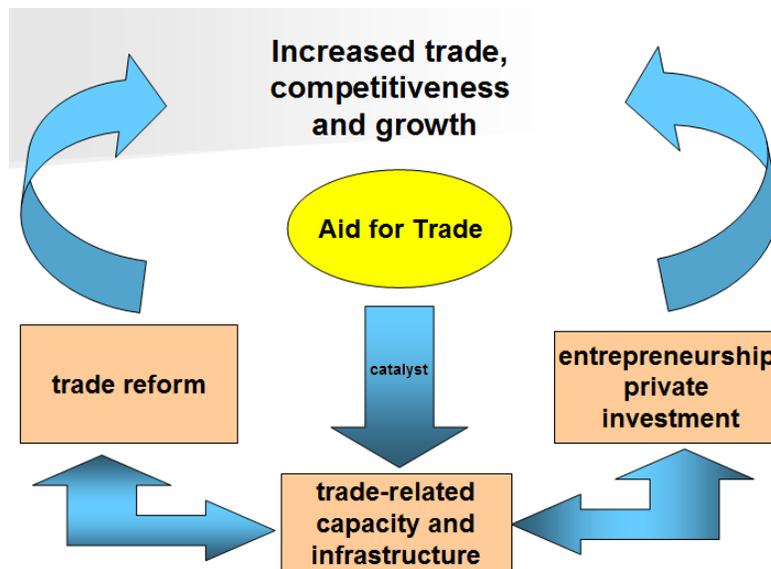
International Debate Education Association – “Trade vs. Aid”
www.idebate.org/debatabase/topic_print.php?topicID=325

3. Aid for Trade

a) What is Aid for Trade?

The current international trading system is stacked against developing countries, a situation that severely hampers development and ongoing attempts to eradicate poverty. Aid for Trade (AfT) is a global initiative to correct this imbalance and give developing countries greater economic growth potential and a more effective capacity to defeat poverty. It involves scaling up international financial and technical assistance to build trade-related capacity, thereby helping developing countries to increase exports of goods and services, to integrate into the world trading system, and to benefit from liberalized trade and increased market access.

The goal of AfT is to ensure that developing countries can harness trade to raise living standards, improve health and education, protect the environment, alleviate poverty, and secure their development. To achieve this, they often need government investment in infrastructure and institutions as well as private investment in productive capacity.



b) Aid for Trade addresses internal barriers to trade

While barriers to trade certainly exist in the global marketplace, developing countries also tend to face internal constraints that prevent them from effectively participating in trade. Some specific examples of supply-side constraints in development countries are:

- In the Andean Community, trucks spend more than half of the total journey time at border crossings.

- Transport costs for trade within Africa are more than twice as high as those within South East Asia.
- Power generation costs in Burkina Faso are more than four times the costs in neighbouring Côte d'Ivoire – and ten times the cost in France.
- Power outages in Malawi average 30 days per year – causing product damage and delays in production and packaging that add 25% to costs.
- It takes 116 days to move a container from the factory in Bangui, Central African Republic to the nearest port; the same transaction takes 5 days from Copenhagen.

c) The WTO's Aid for Trade Agenda

The World Trade Organization (WTO) has incorporated Aid for Trade into the agenda of the current Doha Round of multilateral trade negotiations. Recognizing that the necessary investments associated with increased trade liberalization are particularly large for developing countries, while capacity to meet them is particularly small, WTO members mandated work on AfT in the Hong Kong Ministerial Declaration, 2005 (www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm).

It is important to keep in mind that the WTO is not a development agency. Its core function is trade opening, rule making, and dispute settlement; not providing assistance for economic development. Some argue that establishing an AfT mechanism in the WTO forum will not result in a system that truly meets developing country needs.

The opposing view is that the WTO does have a role (and a responsibility) to ensure that relevant agencies and organizations understand the trade needs of WTO Members and work together more effectively to address them. Proponents of linking AfT to the Doha Round argue that it will help to keep trade-related assistance on donor country agendas and provide developing countries a forum to outline their needs and the leverage to ensure that these needs are met.

For more background on Aid for Trade see the APPENDIX, as well as:

WTO Director-General– “Aid-for-Trade ‘critical’ for Latin America and the Caribbean”
www.wto.org/english/news_e/sppl_e/sppl68_e.htm#quote

World Trade Organization (WTO) – Aid for Trade
www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

OECD Development Cooperation Directorate – Trade Development & Capacity Building
www.oecd.org/departement/0,3355,en_2649_34665_1_1_1_1,00.html

The Millennium Project – Aid for Trade

www.unmillenniumproject.org/reports/tf_trade.htm

4) Fair Trade

a) What is fair trade?

Fair trade is a worldwide labelling, marketing and advocacy initiative which aims to ensure that small producers in developing countries capture a larger share of the profits from the prices paid by consumers. This is achieved by connecting producers directly to developed country markets, and eliminating middlemen such as distributors and retailers. Another important part of the fair trade movement is that it allows consumers to support smaller producers in developing countries directly, thereby affecting global poverty through their buying decisions instead of waiting for government action.

b) Is fair trade an effective economic development tool?

Given the expansion of fair trade initiatives throughout the developing world and the increasing popularity of fair trade goods among consumers in developed countries, it would appear that the fair trade system is “working.” But working for whom and for how long? The rise of the fair trade movement has been accompanied by growing controversy over whether it is really an effective tool for creating wealth and reducing poverty in the developing world.

The proponents of fair trade argue that it ensures the producer is paid a fair price, which covers not only the costs of production but enables production that is socially just and environmentally sound. Producers make a decent living, gain necessary skills and knowledge, obtain access to credit, find technical assistance and market information, learn about trade, and acquire experience in exporting. Also, better prices for farmers do not increase consumer costs, since the fair trade organizations cut out intermediaries by handling all the operations between production and retailing themselves.

However, much of the criticism of the fair trade movement stems from the question of what constitutes a “fair” price. Fair trade goods are sold at a higher price than ordinary goods, with a subsidy passed back to the farmer. But in the case of food, for example, prices of agricultural commodities are low because of overproduction. By propping up the price, the fair trade system encourages farmers to produce more of these commodities rather than diversifying into other crops and so depresses prices. Critics argue that this only postpones what is really needed for development: diversifying exports and adding value, rather than depending on commodities and crafts. From this view, rich markets could do more for producers in developing countries by allowing greater quantities of normally priced products in their markets.



c) The fair trade movement in Canada

The level of fair trade awareness in Canada has grown over the past few years, along with sales of fair trade products. In 1998, about 21,500 kilograms of fair trade coffee was sold in Canada. By 2004, Canadians bought more than 940,000 kilograms of the product. Over the same period, sales had jumped from about \$649,000 to \$28.2 million.

Currently, the majority of companies that import and sell fair trade products are focused on coffee. Other products certified by TransFair Canada, Canada's certification body, include tea, sugar, cocoa, bananas and mangoes, rice, quinoa, spices, roses, soccer and volley balls, wine, and cotton.

For more background on Fair Trade:

CARE International UK – “New markets lead to new opportunities”

www.careinternational.org.uk/3705/business-partnerships/new-markets-lead-to-new-opportunities.html

International Trade Council – “Small share, big voice”

www.tradeforum.org/news/fullstory.php/aid/1031/Fair_Trade_.html

The Economist – “Good food?” (9 December 2006, Vol. 381 Issue 8507, p. 12)

The Guardian – “Fairer than Fairtrade”

www.guardian.co.uk/lifeandstyle/wordofmouth/2008/jun/23/fairerthanfairtrade



Suggested Events:

CLA-ACE Chapters are expected to explore the theme throughout the year through formal and/or informal events. Some suggestions:

a) Have a discussion about the need to build trade-capacity in developing countries and the Aid for Trade agenda. Start off the discussion with one of these webcasts:

- **Brussels Rural Development Briefings on “Aid for Trade”**
Panel 1: Glenys Kinnock on “Where are we in the Aid for Trade agenda?”
wurtv.wur.nl/wurtv/viewer.html?path=ROADKIT4/2007/12/05/4/
- **Ngozi Okonjo-Iweala, former finance minister of Nigeria, on “trade vs aid”**
www.ted.com/index.php/talks/ngozi_okonjo_iweala_on_aid_versus_trade.html
- **Ted Collier, author of *The Bottom Billion*, on the world’s poorest people**
http://www.ted.com/index.php/talks/paul_collier_shares_4_ways_to_help_the_bottom_billion.html
- **U.N. Report on Aid to Poor Countries**
<http://www.youtube.com/watch?v=QDSO0wPEiGI>
- **BBC News – “Ghanaians call for trade, not aid”**
http://news.bbc.co.uk/player/nol/newsid_4650000/newsid_4650500/4650505.stm?bw=bb&mp=wm&asb=1&news=1&ms3=54&ms_javascript=true&bbcws=2
- **BBC News – “Africa: Hope for Tomorrow”**
http://news.bbc.co.uk/player/nol/newsid_4630000/newsid_4635200/4635277.stm?bw=bb&mp=wm&asb=1&news=1&bbcws=1

b) Show clip from the panel discussion on “**Funding the War on Poverty**” at the World Economic Forum’s Annual Meeting in Davos, 2005.

<http://www.youtube.com/watch?v=R8CF4EoXjD0>

(Panel members included Microsoft CEO Bill Gates; leading development economist Jeffrey D. Sachs; Gordon Brown, now Prime Minister of the United Kingdom; Benjamin William Mkapa, President of Tanzania; Domenico Siniscalco, Minister of Economy, Finance and the Treasury of Italy; and Luiz Inacio Lula da Silva, President of Brazil.)

c) Invite a professor or other knowledgeable speaker to discuss the linkages between Trade and Aid. Possible topics are:

- The “Trade vs. Aid” debate
- Whether the WTO is the most appropriate forum to operationalize Aid for Trade?



- Will giving more aid help to promote successful trade in developing countries? If not, what is needed?
 - Can aid be more effective when targeted for specific purposes such as trade capacity building? Who should get to decide where aid money is used?
 - Is fair trade a self-sustaining process in the long term?
- d) Screen a topical film such as the Bullfrog Films documentary “**The Trade Trap**” on Ghanaian farmers struggling to get a foothold in the international market (<http://www.bullfrogfilms.com/catalog/l3ttt.html>) or “**The Girl in the Café**” – a fun film about a young woman who gets a surprising chance to confront world leaders on third world debt and poverty in Africa (<http://www.hbo.com/films/girlinthecafe/>).
- e) Choose a country as a case study and explore issues related to aid effectiveness or trade-related capacity constraints facing that country. Invite someone to speak who is from that country or who has firsthand knowledge of it.
- f) Invite a past CLA-ACE interns (or other students who have interned with international NGOs) to speak about his or her experience and in particular the disconnect between the law and reality on the ground.
- g) Organize for your members to attend the Canadian Council on International Law (CCIL) Conference, “**International Law in the 21st Century: Responding to Changes in the Global Landscape**” at the uOttawa Faculty of Ottawa (October 16-18, 2008).

Every year the CCIL hosts a Conference on a topic relating to international law. This year the topics to be addressed include “International responses to volatility in global markets” and one of the speakers will be Professor Georges Abi-Saab, current WTO Appellate Body member and former judge ad hoc on the ICJ. In the past, CLA-ACE has hosted a cocktail reception and participated in the Student Job Fair and Forum which provides information about work and internship opportunities in international law. Students may be eligible for travel assistance. To find out more, go to: www.ccil-ccdi.ca.

If there’s interest, CLA-ACE will host a pub night for Student Chapter members during the CCIL Conference.

- h) Submit articles on Trade and Aid and the law to your student newspaper and to CLA-ACE. We often publish articles of interest to our members on our website.
- i) Organize a group to attend the University of Ottawa Law School’s conference on Trade and Aid (date to be confirmed).



4. Online Resources:

Websites

Canadian “Make Poverty History” campaign – Trade Justice
www.makepovertyhistory.ca/en/the-issues/trade-justice

World Trade Organization (WTO)
www.wto.org

United Nations Conference on Trade and Development (UNCTAD)
www.unctad.org

International Centre for Trade and Sustainable Development (ICTSD)
www.ictsd.org

South Centre
www.southcentre.org

Oxfam Canada
www.oxfam.ca

International Lawyers and Economists against Poverty
www.ileap-jeicp.org

Fairtrade Labelling Organizations International
www.fairtrade.net

TransFair Canada
www.transfair.ca

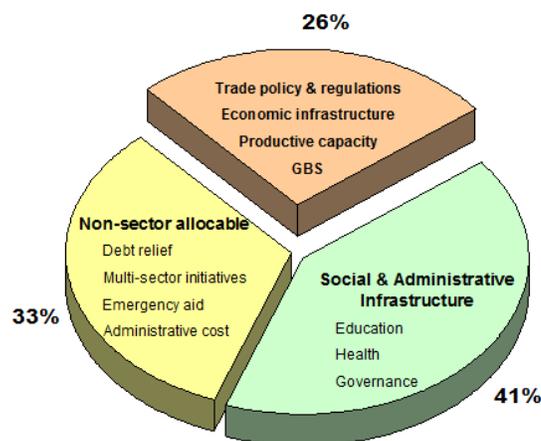
Equiterre
www.equiterre.org

5. APPENDIX: Aid for Trade

a) How does Aid for Trade differ from regular aid?

AfT is part of total sector allocable Official Development Assistance (ODA),¹ but with the specific objective of helping developing countries to play an active role in the global trading system and to use trade as an instrument for growth and poverty alleviation.

Share of Trade Related ODA in Overall
Development Aid
Baseline 2002-2005 average



Source: OECD

b) Aid for Trade Categories

The WTO has identified six broad categories of AfT:

- *Trade policy and regulations*: Training trade officials, helping governments implement trade agreements, building capacity to formulate trade policy and complying with trade rules and standards.
- *Trade development*: Developing trade and the business climate, improving business support services and institutions, promoting finance and investment, conducting market analysis and e-commerce.
- *Trade-related infrastructure*: Investing in infrastructure – roads, ports, energy networks, and telecommunications – needed to link products to global markets.

¹ “Sector allocable” aid refers to the sector of the recipient’s economy that the aid activity is designed to assist. Some contributions are not targeted to a specific sector, e.g. balance-of-payments support, debt relief, and emergency aid in the donor country. These are called “non sector allocable aid.”

- *Building productive capacity*: Strengthening economic sectors to improve the country's capacity to produce goods and services that meet standards prevailing in high value markets and increase international competitiveness.
- *Trade-related adjustment*: Financial assistance to meet transition costs from liberalization, including balance of payments problems resulting from lost tariff revenues, the erosion of preferential market access, or declining terms of trade.
- *Other trade-related needs*

c) Canada and Aid for Trade

Over the past five years, Canada has spent \$536 million on trade capacity building initiatives abroad, including \$74 million in 2007. Africa is the largest recipient of Canada's AfT commitments (30%), followed by the Americas (25%) and Asia (24%). Global, non-region specific commitments represent 15% of disbursements.

Canada is currently engaged in a number of AfT-related initiatives:

- CIDA has an Americas Branch Trade Program with a budget of approximately \$23 million, which includes working with regional organizations such as the Inter-American Development Bank to respond to a broad range of trade-related needs identified by countries in Latin America and the Caribbean.
- The Caribbean Regional Trade and Competitiveness Program includes over \$15 million to build the capacity of the region to develop internal and external trade policy and negotiate beneficial trade liberalization and integration agreements, as well as plan for implementation of these agreements.
- Canada has committed \$950,000 to the International Trade Centre in core support, with \$20 million over 4 years proposed for ITC programs for African countries.
- Canada provides funding for two WTO trust funds: \$400,000 to the Standards and Trade Development Facility (STDF), and \$400,000 to the Doha Development Agenda Global Trust Fund.

d) Recent WTO Progress on Aid for Trade

In 2006, the WTO members agreed to monitor AfT, formally launching the WTO-led initiative. The new monitoring system is expected to create incentives through enhanced transparency, scrutiny and dialogue for providing more and improved AfT. It is about sharing information, learning from successes as well as failures, and applying the policies and approaches that are known to be effective.

In 2007, regional and global WTO-facilitated meetings on AfT have helped raise awareness of the importance of complementing trade policy reform with assistance to help firms and farmers benefit more from trade opportunities. What matters now is delivery. This should target competitiveness-related areas—such as trade logistics—as well as help improve the ability of poor households and disadvantaged communities in rural areas to harness trade opportunities to raise their incomes.

A 2008 roadmap for the Aid for Trade initiative was recently approved by the WTO General Council. In it, the DG identified three priorities: strengthening developing country ownership, moving on implementation, and improving the framework and capacity for monitoring. As such, these three topics are likely to guide work on AfT in the coming 12 months. (See “Lamy's 2008 Aid-for-Trade roadmap gets green light” www.wto.org/english/news_e/news08_e/a4t_feb08_e.htm)

Despite the July 2008 collapse of WTO talks, the development relevance of the AfT agenda remains high. Existing WTO rules will continue to apply to member countries, and the need for developing countries to improve domestic competitiveness will still be vital to realizing the gains for liberalization and achieving economic development.

e) Aid for Trade and Law

In addressing the trade capacity-related needs of developing countries, there are a number of ways in which AfT intersects directly with the law:

- The development of international legal frameworks at the multilateral, regional and bilateral levels that incorporate AfT.
- Lawyers with expertise in international trade and development are needed to build the negotiating capacity of developing countries so that they are better equipped to obtain pro-development outcomes in international trade negotiations.
- AfT initiatives target “soft infrastructure”, including legislative and regulatory reform in the recipient country, to ensure the effective implementation of new rules governing trade with other countries.