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**WORLD TRADE
ORGANIZATION**



JOINT PROGRESS REPORT

Implementation of the WTO-UNIDO Memorandum of
Understanding: Technical Cooperation Programme responding to
the Doha Development Agenda

DRAFT

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I. Background

During the WTO Ministerial Meeting held in Cancun in September 2003 the Director-General of UNIDO Mr. Carlos Magariños and the Director-General of WTO, Dr. Supachai Panitchpakdi signed a Memorandum of Understanding (MoU). UNIDO approved a technical assistance project in January 2004 to support the implementation of the MoU.

The MoU established a strategic partnership between the two Organizations for the purpose of implementing the Doha Development Agenda (DDA), thereby ensuring that trade and industrial development enhance economic growth and that developing countries, least developed countries and transition economies integrate into the global economy and the multilateral trading system.

In pursuance of strengthening human and institutional trade-related capacity-building, **UNIDO's contribution mainly focuses on issues relating to a country's supply side capacity and conformity to standards. WTO focuses on deepening the understanding of beneficiaries of the rules-based multilateral trading system.** It is expected that these two complementary set of activities should foster integration of beneficiary countries into world trade.

To implement the MoU, UNIDO and WTO provide assistance to developing countries and transition economies focusing on:

- i. Removing supply-side constraints;
- ii. Developing systems to prove conformity to market technical and regulatory requirements; and
- iii. Enabling better integration into the multilateral trading system.

In order to put the MoU into effect, the two Organizations had agreed to start on a pilot basis covering an initial group of nine countries. The pilot phase, which is under implementation, covers: **Armenia, Bolivia, Cambodia, Cuba, Egypt, Ghana, Jordan, Kenya and Mauritania**¹.

On the basis of an initial list of potential countries prepared by WTO, the above nine countries were pre-selected to be part of the pilot phase. In view of the fact that other existing multi-agency schemes are already covering the LDCs, this initial set of countries did not focus on them. The programme, however, does not exclude LDCs where diagnostic studies have been completed by the IF² and where the WTO/UNIDO programme could provide a value added to the process in particular in following up the recommendations, as is the case for Cambodia.

The guiding principle for the selection of countries was to achieve geographical balance and the fact that the WTO/UNIDO cooperation should be complementary to the existing multi-agency schemes such as the IF and JITAP³. A first look was devoted to middle-income countries in Eastern Europe, Asia, Africa and Latin America where UNIDO and WTO felt that impact could be achieved during a pilot phase. For example, Armenia was chosen because they had just successfully acceded the WTO and expressed concrete technical assistance

¹ As the MoU established a strategic partnership between the two Organizations for the purpose of the implementation of the Doha Development Agenda (DDA), UNIDO is also increasingly being involved in other WTO activities, specifically DDA-related.

² The Integrated Framework for Trade-Related Technical Assistance to least-developed countries (IF) is a multi-agency, multi-donor program that assists the least developed countries to expand their participation in the global economy whereby enhancing their economic growth and poverty reduction strategies. The IF program was first mandated by WTO Singapore Ministerial Conference in December 1996. The participating agencies are IMF, ITC, UNCTAD, UNDP, World Bank and the WTO.

³ Joint Integrated Technical Assistance Programme to selected least developed and other African Countries (JITAP), WTO, UNCTAD and ITC.

requirements to enable the country to comply with their new commitments. Bolivia and Cuba had specific requirements in the area of sanitary and phytosanitary measures as well as TBT related technical assistance. Kenya, Ghana, Egypt and Jordan have "export potential" but at the same time showed trade-related technical assistance requirements. Two LDCs, Mauritania and Cambodia, were also included, and they are being assisted under the IF.

The assistance provided encompasses **quick assessment of priority sectors and/or products with high and strategic export potential facing barriers to trade and trade-capacity-building weaknesses** including supply-side constraints, conformity to market requirements and standards and implementation of multilateral trade agreements to foster access to export markets. The quick assessments are then discussed at **kick-off seminars that would identify priorities for action**. Following the Seminars, UNIDO and WTO **design a technical assistance project to address the identified priorities and seek, together with the countries concerned, funding for its implementation**.

Linkages with the assistance or other activities being provided or planned by the two organizations in the selected countries, as well as by other multilateral and bilateral organizations, are also established.

In order to implement the MoU and the pilot-phase of the Joint WTO/UNIDO Technical Cooperation Programme, UNIDO has developed a **project document for the pilot-phase that was approved on 20th January 2000 funded under the UNIDO Trade Capacity Building Trust Fund**.

The kick-off Seminars (or 'round table') last for one or two days. They bring together high-level government officials from different departments, including those responsible for trade, industry, commerce, agriculture, quality, standardization, testing, and certification. Representatives of the private sector, e.g. chambers of commerce, producers associations, individual enterprises, civil society, academia and donors also attend.

The purpose of the Seminars is primarily to collectively identify areas, products or sectors with high export potential or facing trade-related problems and weaknesses which could be specifically and promptly addressed under the UNIDO-WTO partnership arrangement in a next stage, i.e. following a satisfactory conclusion of the 'needs assessment'.

The agenda for the Seminars, as well as the logistical aspects, are determined in close cooperation with the local authorities and through Permanent Representatives to the WTO and UNIDO. At the Seminars, **presentations** are made on:

- The MoU between UNIDO and WTO
- The UNIDO's Trade Capacity-Building Initiative
- Results of quick competitiveness and export analysis and of barriers to trade surveys
- WTO's Agreements and its Technical Assistance Plan.
- Presentation by country's representatives (usually on identified sector/products or trade-related problem, as well as on the quality infrastructure).

The Seminars, usually through **working groups identify priorities for future actions** to be covered by a joint UNIDO-WTO Technical Assistance programme according to the Framework Concept - three main programme modules of the UNIDO-WTO MoU, i.e. **overcoming supply-side constraints, conformity to regulations and integration/access to export markets**.

1.1 The international context

The Ministerial Declaration of the Fourth WTO Ministerial Conference at Doha placed technical cooperation and capacity building at the core of the development dimension of the multilateral trading system. Similar messages were formulated by the Millennium Summit focusing on the integration of developing countries into the global economy by assuring fair market access for their goods and services and by getting effective support to the

development of their supply capacity. Furthermore, the World Summit on Sustainable Development (WSSD), Johannesburg (September 2002) reaffirmed the Millennium Development Goals and recognized the role of trade to fight poverty while the United Nations Conference in Monterey (March 2002), addressed the key issue of financing for improving the access of developing countries to international markets. In Monterey UNIDO launched its Trade Capacity Building Initiative.

The process that led to signing an agreement between UNIDO and the WTO was fostered by the Doha Development Agenda and consequently by the WTO General Council decision to strengthen technical cooperation activities. Therefore, UNIDO took advantage of this situation and immediately offered its services to support the WTO in achieving this new mandate. The WTO Deputy Director-General, Dr. Kipkorir Aly Azad Rana participated at the UNIDO Industrial Development Board. Furthermore, during the UNIDO General Conference in December 2003, Mr. Rana joined Mr. Abel John Rwendeire in a briefing of the nine pilot countries where they were informed about the status of the MoU and the objective and schedule of the kick-off seminars and of the country assessments. It should be noted that two briefing sessions to the Permanent Missions of the nine pilot countries have also been organized in Geneva by the UNIDO office and the WTO.

II. The UNIDO-WTO Framework Concept - The main programme modules

The MoU is characterized by an agreed framework that is defined by three main programme modules related to the two Organizations' mandate and expertise (see table I, page 4).

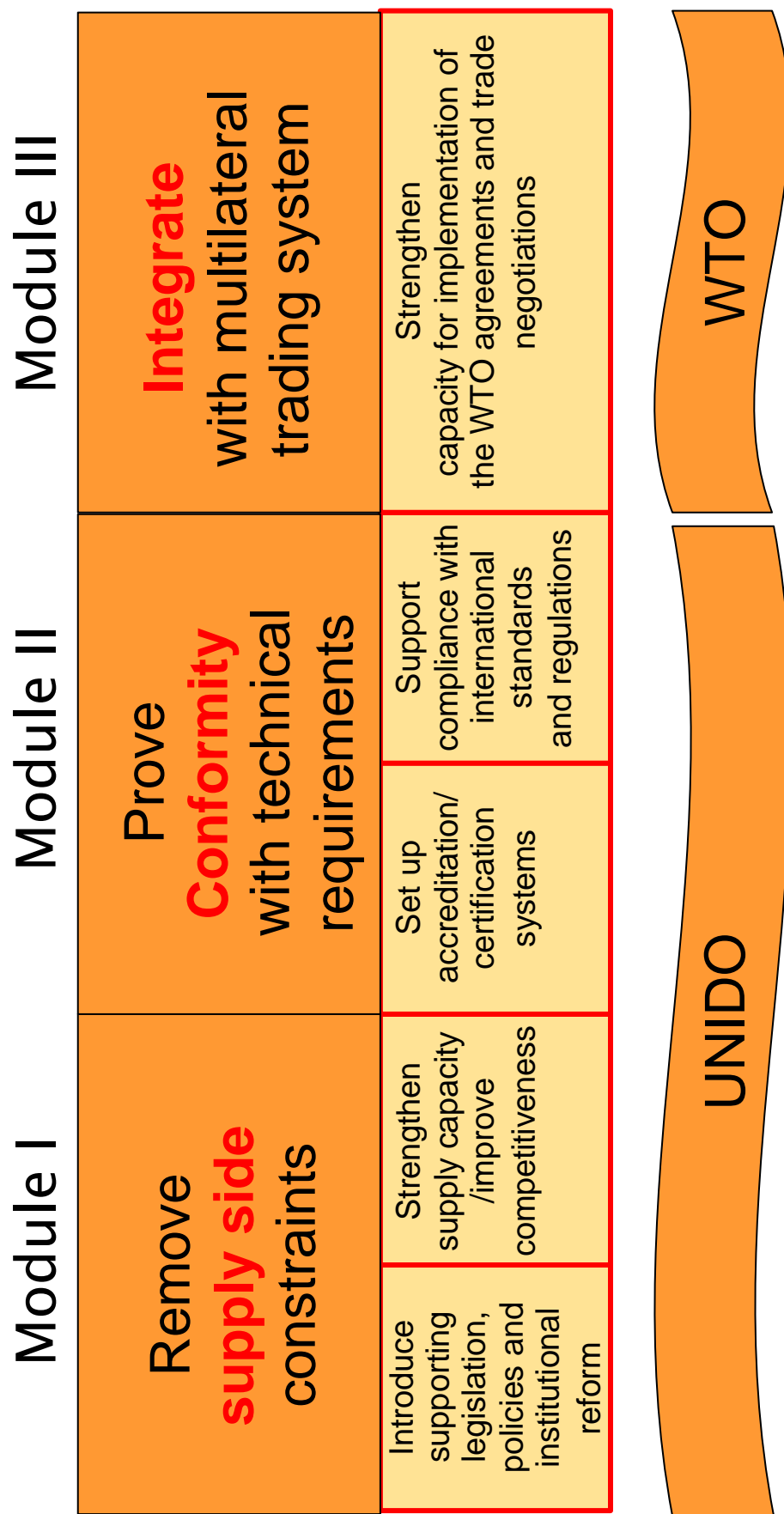
III. The Methodological Framework

In order to carry out the country assessments, **UNIDO and WTO make use of all available information and data and of their knowledge** of the countries' concerned, avoiding carrying out lengthy and costly surveys. To fill information gaps, if required, UNIDO is employing national and international experts. Emphasis is placed on **products/sector-specific with high export potential or facing barriers to trade, mainly linked to TBT or SPS**. UNIDO's assessment is based on the following:

(a) Quick industrial and trade competitiveness analysis

The methodology used is essentially based on the one developed by **UNIDO with Oxford University** initially to draw up the Industrial Competitiveness Scoreboard which appeared in the World Industrial Development Report (WIDR) 2002/2003 and was then further refined for application at the country level (Tanzania, Syria, Ecuador) and its applied in this context at **product level**. The work is mainly desk-based (reducing costs) although some local information may need to be sought through local consultants. The quick analysis is done in two to three (max) weeks.

Table I. The UNIDO–WTO Framework Concept – The main programme modules



(b) Assessment of barriers to trade, conformity assessment requirements and supply-side constraints

UNIDO uses all information and its in-depth knowledge based on its technical assistance and global forum activities. Specifically, information is gathered through the UNIDO Integrated Programmes, other projects, TBT/SPS Surveys as well as the WTO/OECD Data Base on Trade-Related Technical Assistance. Moreover, the assessment utilizes the analysis carried out by UNIDO in 2003 of the responses to the WTO/TBT Survey G/TBT/W/198 "In-depth Analysis of the Responses to the WTO Questionnaire G/TBT/W/178" to assist developing country Members to identify and prioritize their specific needs in the TBT field.

With regards to the WTO, the Organization's expertise, diagnostic and training capability is widely employed focusing on integration in the global market issues. WTO inputs are also based on country assessments such as the Trade Policy Reviews and issues dealt with within WTO Committees (i.e. TBT and SPS Committees).

The areas covered by the WTO are related to the capacity for national implementation of the WTO agreements, trade negotiations and related policy formulation, and awareness and knowledge building on the rules and regulations of the WTO system. For its part, the WTO refers to its Technical Assistance Plan for 2004 (WT/COM/TD/W/119/Rev.3), which elaborates on UNIDO Methods for Technical Assistance Delivery.

III.1 Preliminary assessment of the 9 pilot countries

Prior to the actual TA start-up phase, a review of the 9 pilot countries in relation to UNIDO and WTO matters was carried out. The initial assessment is summarized in the table below.

Pilot-countries	WTO Membership	WTO-TPR	IF	JITAP	UNIDO IP	<u>Other Project</u>	Project/Priority emerging from other projects/ assessments (tentative)
Armenia	5 February 2003				X		Food products
Bolivia	12 September 1995	1999			X		Chestnuts, textile
Cambodia	11 September 2003		2001			X	Textile, garments
Cuba	20 April 1995				X		Food products
Egypt	30 June 1995	1999			X		Traceability, labs
Ghana	1 January 1995	2001		X	X		Food, textile
Jordan	11 April 2000				X		Stones, Dead-sea products
Kenya	1 January 1995	2000		X	X		Honey
Mauritania	31 May 1995	2002	2001			X	Leather products, salt

The above table was elaborated to start up discussions with the selected pilot countries. Clearly the priorities and the sector focus have been re-defined based on actual countries priorities.

III.2 The Kick-off Seminars

The Methodology for conducting the Kick-off Seminars was developed and agreed with WTO during the preparation/implementation of the first Seminar in Cambodia in January 2004. In this respect, the Cambodian Mission in Geneva played a vital role.

The First part of the Seminar comprises of presentations by UNIDO, WTO and national experts; the Second part is devoted to identify priorities for action through Working Groups.

The Seminars result in an *Action Plan* focusing on the 3 areas of the UNIDO-WTO Agreement:

- (a) Increased competitiveness and overcome supply-side constraints;
- (b) Increased conformity with market/technical requirements; and
- (c) Enhanced integration in the multilateral trade system.

The Action Plan is then developed as a UNIDO and WTO Project document: the countries involved and UNIDO-WTO would jointly promote and raise funds for its implementation.

From January 2004, when the UNIDO project was approved and funded, six kick-off seminars have been conducted: **Cambodia, Cuba, Bolivia, Egypt, Mauritania and Kenya**. The next one is planned in Jordan for the 21st July, while the last two seminars will be held in September 2004 (Armenia and Ghana.)

At the outset, the Seminars mobilized strong interest from the countries' government bodies and institutions, the private sector and the donors' community. All the participants indicated satisfaction for the joint UNIDO-WTO initiative and were keen to participate in the whole process hoping for concrete follow up.

IV. Status of implementation

COUNTRY	Review of other Trade-related Technical Assistance and Capacity Building received	Quick industrial and trade competitiveness analysis	Assessment of barriers to trade and conformity requirements	Kick-off Seminar	Technical report and Project document	Follow-up (Funding and Implementation)
Cambodia	DONE	(Available under the IF and ongoing UNIDO Project)	Available under ongoing UNIDO Project	27-28 January 2004	in Progress	Actions under ongoing UNIDO Project and WTO training seminars. New produc being prepared
Cuba	DONE	Food Industry - Available under ongoing UNIDO Project	Available under ongoing UNIDO Project	11 February 2004	Project document being revised following UNIDO Executive Board recommendations	Awaiting approval of project (focus on SPS/TBT)
Bolivia	DONE	DONE Brazilian Nuts	DONE (data analysis ongoing)	16-17 March 2004	Finalized	Proposal on Amazon Nuts for compliance with SPS Agreement prepared
Egypt	DONE	DONE on trial-basis on cotton and citrus and on other sector under ongoing project	DONE (data analysis ongoing)	17-18 May 2004	New produc to be prepared	Ongoing Traceability project will focus on Potatos. Review of Accreditation 22-26/07/04
Mauritania	DONE	Focused on Salt iodination (cooperation with UNICEF and World Bank)	Available under ongoing UNIDO Project	9-10 June 2004	in Progress	possible cooperation with UNICEF and WB on salt iodination
Kenya	DONE	Ongoing	Ongoing	9-Jul-04	To be prepared in connection with the UNIDO IP and JITAP. Awaiting survey on barriers to trade	To be defined
Jordan	DONE	Ongoing	Ongoing	21-Jul-04		
Armenia	In progress	Ongoing under ongoing UNIDO Project for assistance in post-accession to WTO	DONE (under ongoing UNIDO Project)	PLANNED 9 September		
Ghana	In progress	Ongoing under ongoing UNIDO Project as part of national trade policy donors group	Planned	PLANNED 22-23 September		

IV.1 Cambodia

The **country assessment** was based on available information. For Cambodia in-depth assessment of trade was available through the WTO Integrated Framework (IF) that provided details about the supply-capacity constraints and on trade at large.

Detailed information was also available at UNIDO through UNIDO ongoing project on conformity/International Standards and Technical Regulations. The UNIDO project addresses Cambodia lack of capacity to deal with international standards, requirements and technical regulations that are essential for trade and for producers/consumers. Without capacity to deal with them, they become a real obstacle to Cambodia exports and thereby to production and investment. The Project aims at building trade-related supply capacities in Cambodia, to establish essential quality and conformity assessment infrastructure (standards, metrology, certification, accreditation) as well as assist high export-potential sectors to upgrade product/production quality, and comply with standards and regulations for exports. In Cambodia, UNIDO had also undertaken an Industrial Sector Analysis: Growth Prospects and Trade Potentials of Cambodia. Garments dominate the export sector, accounting for over 75% of the country's exports and other important export sectors include logs and sawn timber (2% of total exports) and rubber (3%).

The **Kick-off Seminar** was held in Phnom Penh 27-28 January 2004 involving 80 participants, including Minister of Trade and Minister of Industry. The Action Plan elaborated by the Seminar and approved focused on: a) *Testing labs upgraded for key export products*; b) *rubber industry*; c) *competitiveness support to potential exports*; and d) *WTO training*. Specifically, it was highlighted the need to meet international requirements to export Agro-food (Products sourced from areas free of pests & diseases, Standards of hygiene applied in manufacturing (HACCP), Fruits/vegetable meet minimum pesticide residue standard, Meats/ fish meet minimum antibiotic residue requirement. New areas to be developed comprise: Product Testing Laboratories (Chemical and Microbiology laboratories and capacity for Standards implementation). In a second phase, emphasis will be placed on Export sector laboratories (Garment Testing, Fish testing and Leather Testing).

As **follow up**, UNIDO is continuing the implementation of its ongoing project and a new Project document is being finalized (linked to ongoing UNIDO activities). WTO is organizing a series of training seminars. It is important to stress also that UNIDO ongoing project is *de-facto* implementing the WTO Action Plan for the implementation of the TBT Agreement (WT/ACC/KHM/14/Rev.1 (3 March 2003) -Working Party on the

Action Plan on TBT Agreement

Year	Step/ measure/ activity	Technical Assistance (Provided) or Sought	
1999/ 2001	<p><u>Activities undertaken</u></p> <ul style="list-style-type: none"> - Sub-Decree on Industrial Standards of Cambodia was approved and signed on 15 May 2001. - Ministry of Industry Notice on Registration of Industrial Products being implemented. - Developing TBT and Standards Library at the Department of Industrial Standards of Cambodia. 	No TA provided.	Implemented by UNIDO
2002	<p><u>Activities undertaken</u></p> <ul style="list-style-type: none"> - Drafting the new Law on Industrial Standards of Cambodia. - Revise the Ministry's Notice on Registration of Industrial Products. - Submitting the draft Sub-Decree on Metrology to the Council of Ministers for adoption. - Drafting Technical Regulations on (1) the procedures and application forms for using standards; (2) procedures for using standards marks; (3) size of standards marks; (4) certificate and license forms; (5) form of auditing and assessment; (6) form of pre-assessment and market survey; (7) form of receipt for payment of services; (8) form of testing and calibration reports; (9) request form for testing and calibration. 	No TA provided.	Implemented by UNIDO

Accession of Cambodia, showing the ability of UNIDO to directly and concretely support WTO/TBT activities:

IV.2 Cuba

The **country assessment** was based on available information. For Cuba the main source of information was available through the UNIDO Integrated programme. No ad-hoc assessment was carried out. Under the IP, assistance to SPS and conformity assessment and standards were provided.

The **Kick-off Seminar** was held in Havana on 10 February 2004 involving 40 participants. Technical support for the enforcement of international agreements and their relations to capacity building for trade issues and the need to upgrade local institutional and factory performance in terms of entrepreneurial and technical development in order to reach competitiveness were identified. Also an overall review and role of the food component of the IP-Cuba was made.

It was recognized that additional technical support needs to be provided for the productive food sector. A step by step approach and specific technical support should be considered from upstream to downstream on food safety but also on technology, packaging, labeling, marketing, product design, quality upgrading and environmental management systems.

After brief presentations made by UNIDO and WTO and by each ministry and Institutions participating in the Seminar, the afternoon sessions/debates-discussions allowed the participants to define some of the main areas viewed as key points to be considered for further technical support while implementing the preparatory assistance but mainly to be included within the framework of a UNIDO-WTO SPS/TBT/food safety programme. One of the most important request identified by MINSAP (Public Health Ministry), MINAL (Ministry of Food Industry) and ONN (National Standards Bureau) is related to the technical support to revise the National Law on food processing to be enforced at national level. A draft would be ready by mid 2004.

With regards to specific WTO matters, discussions were related to resources for training on SPS/TBS. UNIDO-WTO programme would also encompass a training component related to SPS/TBT and food and environmental issues for the food sector looking to increase added value to national processing units.

The idea expressed and agreed by the national authorities is to build on and follow-up to previous UNIDO food-related activities. A Preparatory Assistance (P.A.) to start up SPS/TBT and some additional food safety and environmental technical support in specific areas and institutions should be the main activity to be carried out in the short-term. It is expected to implement a work plan to identify in deep and propose technical and economical alternatives and appropriate solutions for exports but also for tourist and domestic markets. In order to carry out the expected related duties it was underlined as a preliminary deadline September/October 2004 to organize the final round table to present the finding. At the Round Table (including training), it is also expected to validate the conceptual approach and results/outputs activities to be used for the preparation of the future UNIDO/WTO programme. The activities to be carried out with the main actors can be underlined as follows:

- a) Support related to the regulatory system concerning food processing for export;
- b) Direct assistance and training i.e. on audit of food safety: GMP-HACCP practices;
- c) Follow-up on previous food safety and EMS activities;
- d) International/regional or local WTO training Seminar on SPS/TBT;
- e) Validation of a UNIDO-WTO Project;
- f) Validation of the Food Law.

As **follow up**, a UNIDO SPS-related project document (preparatory assistance) is under finalization to incorporate recommendations by the UNIDO Executive Board. As a Pre-Peer evaluation for accreditation had also been carried out in Cuba, follow-up should also include activities to support the local institution (ONARC) to reach international recognition in accreditation.

IV.3 Bolivia

The **Country assessment** was based on available information. In addition, UNIDO applied its methodology and carried out a *Quick industrial and trade competitiveness analysis* of the product identified as top priority by the Government: the Brazilian (Amazon) Nuts (*Bertholletia excelsa*).

The **Kick-off Seminar** was held in La Paz on 16-17 March 2004 involving 60 participants. The seminar focused on a specific key export sector (Brazilian Nuts) being discussed within WTO/SPS committee since 1996. The Kick-off seminar was very successful and showed clearly that joint UNIDO-WTO activities can be very productive to help countries solving specific trade-related TBT and SPS problems.

The Seminar focused on the SPS problems faced by Bolivian exporters: the maximum level of aflatoxin allowed by the EU for exporting (4 ppb) compared with CODEX and USA (20 ppb). The matter is under discussion between Bolivia and the EU since 1996 with focus on: 1) Scientific evidence of level required and on 2) the need to set up an internationally recognized testing and certification facility.

The first days a series of presentation were made and discussion held. The second day, the Seminar continued as a working group (WG) and a few presentations made. Further, the WG established and elaborated a set of recommendations and follow up for a UNIDO-WTO Programme for Trade capacity building dealing with (i) Supply-Side constraints; (ii) Conformity with markets requirements; and (iii) Integration with the Multilateral Trade System.

As during the Seminar a meeting of the WTO/SPS Committee was held in Geneva, the Seminar was promptly informed that the EU delegation to the WTO/SPS Committee had reiterated its commitment to provide Technical Assistance to Bolivia to overcome the problem related their SPS measure related to the level of *aflatoxin* according to the following articles of the SPS Agreement:

Article 9.1 specifies that technical assistance may, for example, be in the areas of processing technologies, research and infrastructure, and in the establishment of national regulatory bodies. It may take the form of advice, credits, donations and grants, including for the purpose of seeking technical expertise, training and equipment.

Article 9.2 encourages importing Members to provide technical assistance especially when substantial investments are required for an exporting developing country Member to fulfill its SPS requirements. The aim is to permit the developing country Member to maintain and expand its market access opportunities for the product involved.

In the concluding remarks, the Director-General of Integration of the Ministry of International Economic Relations, stressed that despite the fact that participation if the Seminar was less then expected, as many Bolivian producers could not make it due to logistic problems, the seminar had been very successful and it was ***"the first concrete action that Bolivia had seen for implementing the Doha Development Agenda"***. He further stressed that UNIDO and WTO assistance as follow up to the Seminar should focus on helping solving the SPS problems related to Brazilian Nuts by upgrading the supply capacity and its competitiveness, its quality infrastructure and supporting the process of assistance to the sector with the EU.

Furthermore, the UNIDO methodology for competitiveness analysis successfully applied for the Seminar on Brazilian Nuts was seen as a opportunity to be transferred to the country by building local capacity to help technically the ongoing bilateral and regional trade negotiations.

As **follow up**, after the conclusion of the Seminar, UNIDO and WTO representatives were invited by the EU Delegation to discuss the results of the Seminar with the EU Ambassador to Bolivia. In the meeting it was agreed that in order to accelerate the provision of TA by the EU to Bolivia to overcome the SPS-related problems, a formal request cum technical proposal was to be send by Bolivian authorities to the European Commission. The EU Ambassador welcomed the support of UNIDO and WTO in solving the difficult and long-lasting SPS problems. He further supported and welcomed the involvement and support to be provided by UNIDO and its national expert with the UNIDO-WTO preparatory assistance project whom would prepare the formal request cum technical proposal based on available documentation and the recommendation of the UNIDO-WTO Kick-off Seminar. Bolivian Authorities very well received this proposal and the agreement with the EU Delegation and supported the possibility for UNIDO to get involved in the actual implementation of the Technical Assistance to be provided by the EU. Therefore, UNIDO assisted Bolivian authorities to prepare a proposal and send an official request for a EU funded project to overcome the SPS-problem⁴. Specifically a UNIDO national expert has being preparing the

⁴ In addition, a Physikalisch-Technische Bundesanstalt (PTB) project dealing with standards setting and laboratories (€1 million) which it started in 2003. Disucssions held with PTB show an opportunity to to link their activities with UNIDO in connection with the Aflotoxin in Brazilian nuts. Aslo, The Deutsche Gesellschaft für Technische

requested document "To improve competitiveness of the Bolivian Amazon (Brazilian) nuts" based on the action plan adopted by the Seminar under UNIDO's HQs guidance.

IV.4 Egypt

The **country assessment** was based on available information, specifically from activities related to the UNIDO Country Service Framework for Egypt and the recently approved project on *Traceability of Agro-Industrial Products for the European Market*. In addition, to demonstrate the UNIDO methodology for Quick Competitiveness and Trade Analysis, a brief analysis of Egyptian cotton and Citrus sectors were carried out and presented.

The **Kick-off Seminar** was held in Cairo, Egypt on May 17th and 18th, 2004. As one of nine (9) countries selected for this pilot program, the Workshop and Roundtable represented the launch of Egypt-specific activities, with a primary objective of identifying problem areas that intersect both industrial competitiveness and international trade.

Over fifty participants from government, the private sector, academia and the donors' community in Egypt took part in the Seminar. Presentations were made by representatives of UNIDO and the WTO, as well as other specialists to stimulate the discussion including how structural export opportunities existed for Egypt, although the actualization of these opportunities remained unrealized. It was further discussed how Egypt's price competitiveness was significantly reduced by various domestic pre-shipment factors, offering clues for further research as to where value and exports were being lost. A short presentation on a sample of actual existing technical barriers to trade facing Egyptian exporters in the agro-food (potatoes) and textile sectors was also delivered. Specifically, UNIDO focused on ongoing trade-related activities and UNIDO's global Trade Capacity-Building work and its specific work in Egypt, while the WTO representative described how the WTO works to assist developing countries in the implementation process of the covered agreements.

The strong participation of the food and agricultural sector was made evident by the frequency and depth of their vocal activism. Frustration with supply-side problems such as internal transport logistics for perishable items, pre-shipment refrigeration and warehousing were repeatedly mentioned. Participants from the textile sector expressed resignation at regulatory obstacles to competitively exporting, especially for smaller market players. Access to export credit and finance facilities as well as complex import and export procedures compounded supply-side problems.

Conformity and testing procedures as technical barriers-to-trade were another problem area, where both the private-sector and government complained of a lack of qualified laboratories with the proper accreditation to conduct conformity-testing and certification, most notably for agricultural and food products. The specific problem of the existence of two national accreditation bodies in Egypt was discussed and the Egyptian participants and the EU representatives identified urgent assistance in this field as a priority. The latter expressed interest in supporting actions by UNIDO to solve the problem. Participants from potato-producing firms were particularly vocal in this regard, especially vis-à-vis exports to the European Union.

Information flows from key trade partners were also a bottleneck problem area, particularly in terms of the logistics of the translation of technical documents that describe standards and requirements for the sale of goods in a given market. Closely tied to information problems was the difficulty of actually responding to "notifications" of changes to other countries regulations, whether trade, standards or otherwise. This hampers Egypt's capacity for active integration into the world trade system at a policy level and ultimately, at a business level.

As **follow up**, the UNIDO ongoing traceability project has been re-focused on the Potato producers/exporters and a high-level mission to assess the two existing accreditation bodies has been planned for 22-26 July 2004 to provide recommendations and a plan of action.

Zusammenarbeit (GTZ) has is also implementing a project in the Brazilian nuts growing regions. The original request from Bolivia was addressed to the GTZ that liaised with UNIDO in 2003.

Moreover, the views expressed by participants during the Workshop and Roundtable, as well as the views expressed by the Government of Egypt are being analyzed and matched with the results of an enterprise survey on Barriers to Trade which face the Egyptian export industry, both domestically and internationally. The work will be completed in August 2004 to be incorporated in a feasible proposal for technical cooperation in Egypt that could address a specific problem area. The goal then would be to isolate one key problem area which, if addressed vertically, could have a measurable and sustainable impact on a particular export supply chain. If successful, the model could be applied to other sectors and modified for other countries as well.

IV.5 Mauritania

The **country assessment** was based on available information, specifically from UNIDO activities related to Trade capacity Building. Two national experts and international one prepared a preliminary review of the key issues related to the selected priority areas.

The UNIDO/WTO cooperation for Trade Capacity Building (TCB) was launched in Nouakchott with a **kick-off seminar** on 9 and 10 June 2004. Over 70 participants from the private sector, ministries, laboratories, export promotion and other support services took part in a two-day event, jointly organized by UNIDO and WTO, in cooperation with UNICEF and The World Bank. The later two agencies joined in for a *sensitization day* on the ionizations of salt, one of the commodities specifically targeted by the UNIDO/WTO cooperation in Mauritania. A second focus was on the livestock sector, where Mauritania has abundant resources, but which are presently not fully exploited in their transformation and export potential.

As **follow up**, UNIDO has approved a complementary preparatory assistance programme to support the development of a Trade Capacity Building programme for Mauritania in the two identified priority sectors: livestock and salt. Private sector has shown keen interest in the development of the two sectors, in particular with respect to the development of higher value added products in order to become more competitive in regional and international markets. UNIDO intervention has so far already targeted the salt sector, where a national decree will make iodination of salt mandatory by the end of the year 2004, which would not allow anymore the sales of non-iodized salt. The same regulatory requirement applies for most other African countries, the potential markets for Mauritania's salt. UNICEF has launched a large-scale campaign for iodized salt in Mauritania and has requested UNIDO to join in for the upgrading of productive capacities for compliance with the new regulation. UNIDO expertise for the livestock sector will be also provided.

IV.6 Kenya

The **country assessment** was based on available information, specifically from UNIDO activities related to its integrated programme. A national expert also prepared a preliminary review of the key issues related to Export and trade capacity building priorities.

The **Kick-off Seminar** was held in Nairobi on 9th July 2004 to initiate the process leading to a joint UNIDO/WTO programme for Kenya. Around forty participants from government, the private sector, academia and the donors' community in Kenya took part in the Seminar. Presentations were made by representatives of UNIDO and the WTO, as well as other specialists to stimulate the discussion. Two working groups identified main problem areas in need of assistance.

With regards to removal of supply-side constraints, the Seminar identified: (1) Availability of information (standards/technical regulations, markets) and weakness/recognition of local institutions (National steering committee on Horticulture, Kenya Bureau of Standards..); (2) How to help the large number of small producers (i.e. horticultural sector) and how to add value and the need to attract investment, incubation, transfer know-how to small producers and how to encourage export groups; (3) With regards to textile and garments producers, it was stressed that the sector suffers from serious lack of vertical integration, with discontinuities in the value addition chain: Domestic textile products outside the EPZA are not competitive locally and in world markets. AGOA arrangements have not been able to address capacity problems in the sector: They have given a false sense of competitiveness since the firms exporting from the EPZA are affiliates of firms that are already competitive in their countries of origin. Expected removal of quotas under WTO rules will undermine exports to USA. (4) Pyrethrum the key problem is the weak consistency of supply.

With regards to conformity and standards, it was outlined that emerging regulations are increasingly creating problems to Kenyan exporters. As example, Tea producers do not use pesticides but must now test their products. With regards to accreditation, there is not yet a fully-operation accreditation body even if appropriate steps have been taken to finalize the legal framework. UNIDO carried out in 2000 a pre-peer accreditation assessment, however, assistance is needed to train auditors and in mutual recognition and in pursuing a regional accreditation scheme. Availability of information (standards/technical regulations, markets) is also part of the problem of conformity as producers are usually not aware of new standards and regulations. Specifically, the need to assist food exporters in implementing a traceability system conforming to *EU Directive 178/2002* and *EUREP-GAP* systems is a priority to overcome the risk of Kenyan food products to be banned to enter the European Market as of January 2004 when the directive will be enforced. Furthermore, the need to strengthen the National CODEX Committee and to improve private-public sector dialogue to rebuild confidence in the standardization process were also indicated as priorities including the development of national food labeling standards.

In the field of integration in the multilateral trade system, the need was identified to assess WTO agreements, rules etc and long-term implications, which were not sufficiently understood by a majority of Kenyan producers. Further training in the field of TBT/SPS agreements was also called for as well as public awareness activities. It was further noted the need to simplify the agreements and their implications brought out in a document to be distributed to stakeholders.

Specific and priority **Follow up** actions are not yet identified and should await the finalization of the survey on barriers to trade being carried out and further dialogue with all stakeholders.

IV.7 Jordan

The Kick-off Seminar will be held on 21 July in Amman. Following consultations among UNIDO, WTO and Jordanian Ministry of Trade and Industry, the focus group includes the following sectors: Packaging, furniture and dead-sea products and key trade-related government and institutions.

IV.8 Armenia

Armenia became WTO member in early 2003 and had requested UNIDO for post-accession assistance, mainly for upgrading competitiveness of its enterprises for better compliance with international market requirements such as EU technical regulations (directives), the development of its standard and conformity assessment infrastructure and services towards international recognition of their services, and for the development of its WTO related infrastructures (notification agency and others).

As a preparatory activity, a barrier to trade survey has been conducted with main exporting and/or potentially exporting companies to identify main obstacles for better access to international, mainly EU markets. A review of the regulatory requirements and the commitments made by Armenia in the WTO accession working party has been undertaken and a road map for compliance of Armenian regulatory framework with the WTO rule based international trading system is under development. For that purpose, and as a complement to the pilot activities of the UNIDO/WTO MoU, a preparatory assistance project for the formulation of a trade capacity building programme has been approved by UNIDO in addition to initial seed money funding which was provided to UNIDO by the UNDP.

A seminar to officially launch the UNIDO/WTO MoU is planned for September 2004. It will be jointly organized by UNIDO and WTO in cooperation with local authorities and UNDP, who is playing a major coordinating role in trade related development assistance.

IV.9 Ghana

Ghana is in the process of developing a Trade Policy supported by a local group of all development partners and donors. UNIDO has joined in that process in 2003 and promoted the UNIDO trade Capacity Building approach as outlined in the UNIDO/WTO MoU. The approach has found strong interest with the local authorities and the donor group and UNIDO was requested to be part of the policy formulation and the subsequent technical assistance for trade capacity building. Ghana was very keen to be a pilot country of the UNIDO/WTO MoU, as it would allow effectively mobilize all trade related support from donors and international agencies such as WTO, UNIDO, UNCTAD, ITC etc. within a holistic framework.

The official launch of the UNIDO/WTO cooperation is foreseen for the 22/23 September 2004 and would be undertaken in cooperation with the local authorities, Denmark as the lead donor group and most likely the World Bank too. The seminar is expected to be the occasion for the official presentation of new Ghana's trade policy.

V. Concluding Remarks and future plans

- Thanks to the MoU, WTO is increasingly associating UNIDO to its activities and UNIDO visibility within WTO and in the other Geneva-based organizations has improved.
- The MoU UNIDO-WTO is referred to by WTO as a key result of the Cancun Meeting.
- UNIDO and WTO quick country/sector assessment is proving to be very effective, as it uses available information and data and time-effective methodologies. In comparison, other institutions employ a large team of experts that carry out in depth analyses lasting up to two years.
- UNIDO received in April 2004 a letter from the Government of Zambia praising the UNIDO Trade Capacity Building initiative and seeking joint UNIDO-WTO assistance.
- The schedule of the country assessments and kick-off seminars is progressing well, however, adequate time for preparation, analysis, and implementation is needed to ensure that all involved parties (UNIDO, WTO, recipient countries) can consistently work together to achieve their joint objective: to build trade capacity, overcome barriers to trade and implement the Doha Development Agenda. This should be taken into account in the follow-up to this pilot-phase when adequate resources and a realistic timetable should be determined.
- While some of the recommendations of the Kick-off Seminars are already being implemented by both UNIDO and WTO under their respective ongoing technical assistance programmes, in order to move forwards the whole process, discussions are being held to organize a Donor Conference. It should be noted that in order to assist the implementation of the results of this first phase, detailed project documents are being developed. A preliminary estimate shows that in order to effectively covering the issues identified, each country would require between €1-€5 million. Based on the results achieved with the nine pilot countries, WTO and UNIDO agreed to expand the operations of their joint Technical Cooperation Programme and to ensure effectiveness and sustainability of results achieved by developing specific planning, monitoring and reporting mechanisms including monitoring and preparation of yearly/biennial plans.