



PIFS GVA/6-2018

To : Forum Island Countries (FICs)
Date : 28 March 2018
From : Permanent Representative of PIF to WTO
Subject: PIF-Geneva Update 1/2018

Please find attached, for your records, an update on Trade Negotiations and Aid-for-Trade activities undertaken by the Pacific Islands Forum – Geneva Office (PIF-Geneva) in January-February 2018.

2. For further clarifications or follow-up on Trade Negotiations, please contact Mr. Alex Kerangpuna, Trade Policy Officer, on alex.kerangpuna@pifs-geneva.ch
3. For further clarifications or follow-up on Aid-for-Trade, please contact Mr. Andrea Giacomelli, Trade Policy and Aid-for-Trade Adviser on andrea.giacomelli@pifs-geneva.ch

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Permanent Representative, Ambassador

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1. BACKGROUND

The Pacific Islands Forum Geneva Office (PIF-GVA) work includes two sections: Trade Negotiations, and Aid-for-Trade (AfT). The Trade Negotiations Section provides strategic policy and technical advice to Forum Islands Countries (FICs) which are members of the World Trade Organisations (WTO), and coordinates their participation in the WTO. The AfT Section assists Forum Islands Countries (FICs) to make a better use of AfT opportunities provided by Geneva and Europe-based organisations and promotes their trade-related interests and needs.

2. TRADE NEGOTIATIONS

The [WTO](#) offers a forum for small and vulnerable economies like FICs to negotiate fairer trade rules in the multilateral setting. The WTO was established in 1995, superseding the then General Agreement on Tariffs and Trade ([GATT](#)) that was in existence for 60 years. Six FICs are WTO members, namely Fiji, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu. There are currently 164 WTO Members.

Membership of WTO is based on the following [principles](#): Members are committed to reducing tariff barriers and binding their tariffs to provide predictability to market access; Members do not discriminate against other Members (Most Favored Nation principle); Members do not treat their own products differently or more favorably than the same imported products (National Treatment principle); Members limit quotas that restrict trade, and reduce or eliminate domestic subsidies that create unfair trade; Members should be transparent in reporting their trade policies and laws that would have implications on the trade interests of other WTO Members; Members provide policy space through Special and Differential Treatment ([SDT](#)) for developing countries and Least-Developed Countries (LDCs) on some rules; Members provide technical assistance and capacity building to the developing countries and LDCs; and Members have a settlement mechanism address trade disputes.

Since 2001, the WTO Members have been negotiating the Doha Development Agenda ([DDA](#)). The DDA was launched by the WTO Ministerial Conference at Doha, Qatar, in 2001 under what is now commonly referred to as Doha Round of negotiations. The main areas of the Doha Round of negotiations are Agriculture, Services, Non-Agriculture Market Access (NAMA), Rules, and Development. These negotiating areas are important to the Pacific countries, in particular Services, Agriculture, and Rules – with the latter covering subsidies to the fisheries sector. During the period 2001-2017 only one WTO Agreement was concluded, i.e. the 2013 WTO Trade Facilitation Agreement. The WTO Members were not able to conclude negotiations in other areas due to differences linked to their different stage of development.

The WTO's highest decision-making body, the Ministerial Conference, is held every two years. The Eleventh Ministerial Conference ([MC11](#)), was held in December 2017 in Buenos Aires, Argentina. Like at the previous ministerial meeting, Members failed to secure agreements on any of negotiated area.

However, in the absence of agreements on the Doha issues, the WTO Ministers have been able to make several decisions which are important to developing countries. For example, a number of decisions to support LDCs' trade integration were taken at [MC9](#) in Bali, Indonesia. These included the extension of Duty-Free-Quota-Free (DFQF) access for LDCs exports, the decision to streamline Rules Of Origin (ROO) to facilitate LDCs' goods exports, and the Services Waiver to give preferential treatment and market access to services suppliers from LDCs. The Services Waiver would provide services exports and services providers from the LDC WTO Members with access to developed and developing countries' markets, provided that the countries are willing to offer such free market entry.

One of notable Ministerial Decisions made at MC11 was for Members to continue negotiations on Fisheries Subsidies with the objective of reaching an Agreement in 2019. The aim of the negotiations is to discipline fisheries subsidies that threaten the sustainability of fish stocks such as subsidies that

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contribute to Illegal Unreported and Unregulated (IUU) fishing, overfishing, and overcapacity. The Fisheries sector is vitally important to the Pacific countries, therefore having a Fisheries Subsidies Agreement in the WTO would help Members address harmful subsidies that contribute to the depletion of stocks in the seas of the FICs.

The [Pacific Group](#) is an active participant in the WTO negotiations, making joint statements and ensuring that Pacific positions are taken forward including by groups that FICs are members of such as the African Caribbean Pacific (ACP) Group, the LDCs Group and the Small and Vulnerable Economies (SVEs) Group.

At this juncture, the WTO Members are facing some uncertainty to progress negotiations in the WTO due to rising global trade protectionist measures, the position of some influential WTO Members to reform WTO and the push by some Members to pursue new issues. The new issues proposed by some Members include Electronic Commerce, Micro Small and Medium Enterprises (MSMEs), Investment Facilitation, and Trade and Women Economic Empowerment.

PIF-GVA provides policy and technical advice on WTO negotiations and co-ordinates the negotiating positions of FIC WTO members. Moreover, it collaborates with the WTO Secretariat to undertake tailored regional workshops for FIC WTO Members, and whenever possible and desirable to include non-WTO Members from the Pacific region.

3. AID-FOR TRADE ACTIVITIES

3.1 Networking

As of 28 February 2018, [114 Aid-for-Trade connections](#) were included in the Office's database.

3.2 Representation

On the 19 February 2019 the Office attended a meeting of the [Committee on Trade and Development](#) (CTD), the WTO Committee with a mandate on Aid-for-Trade. Discussions focussed on the new WTO Aid-for-Trade program, whose most recent draft is included as [Annex 1](#) - detailed summaries and supporting documents are available online.

On the 20-21 February 2018 the Office attended a [Knowledge Sharing Workshop](#) organised by the [TradeComII](#) program. At the workshop, the PIFS presented on the Pacific Trade Mainstreaming project supported by TradeComII in 2017. Presentations were also given by other FIC beneficiaries including Samoa, Niue, and the Melanesia Spearhead Group ([MSG](#)) Secretariat.

3.3 Projects

3.3.1 Implemented

Preparations commenced for the "Update on the 11th WTO Ministerial Conference" Regional Workshop. The workshop will take place in Suva on 22-26 May 2018 and will be restricted to FIC WTO members.

3.3.2 Completed/Secured

The Office supported Niue to secure assistance to attend the TradeComII Knowledge Sharing Workshop.

3.3.3 Ongoing

The Office continued its work to conceptualise regional initiatives for consideration by donor partners. A Concept Note on [Quality Infrastructure](#) was completed and is being discussed with potential partners. Following feed-back from [TradeComII](#), the Office and the MSG Secretariat submitted a revised proposal on e-Commerce. A project proposal to support the [Pacific Group](#) on WTO negotiations was completed and submitted to the Trade Advocacy Fund 2 ([TAF2](#)). And

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discussions between the [ITC](#) and the Pacific Islands Private Sector Association ([PIPSO](#)) were facilitated on possible assistance for institutional strengthening.

As to national initiatives, the Office supported the Federated States of Micronesia with preparation and submission of a project proposal to [TradeComII](#).

PARTNER	INITIATIVE	IN SUPPORT OF	STAGE*
STDF	Honey industry	Niue	Formulation
TradeComII	Trade Policy and sub-regional FTAs	FSM	Formulation
UNEP	Environment and Trade	All FICs	Formulation
TradeCom II and MSG	e-Commerce	All FICs	Formulation
TAF2	WTO Negotiations	FIC WTO members	Formulation
Multiple	Quality Infrastructure	All FICs	Formulation
ITC	Institutional Strengthening	PIPSO	Identification

* 'Stage' refers to the type of action within the project cycle that the Geneva Office is currently supporting, with: (1) Collection/Dissemination = initial engagement with partners and members to scope interest and feasibility; (2) Identification = High-level conceptualisation of possible project; (3) Formulation = detailed work on project proposals

3.4. Apply! Demand-driven Aid-for-Trade facilities accepting applications

(1) [TradeCom II](#) (2) [Trade Advocacy Fund II](#) (3) [Standards Trade and Development Facility](#) (4) [Global Alliance for Trade Facilitation](#) (5) [Fit for Market](#)

Update on TradeCom II – the TradeComII program has entered its second and last phase – known as Program Estimates 2 (PE2). Tendering and implementation of PE2 projects will start in May-June 2018 and will last 18 months. The TradeComII PMU has already started assessing the project proposals received by ACP countries, and this is being done on a *first-come, first-served* basis. To avoid missing-out on this opportunity, interested FICs are warmly encouraged to complete and submit a [Request Form](#) to the TradeCom II program as soon as possible.

3.5. Did you know? Aid-for-Trade mobilised in 2017

In 2017 the Office supported FICs to mobilise about USD 2.8 million of Aid-for-Trade resources. A disaggregation of funds mobilised, divided by direct source of funding¹, is reported below.

DIRECT SOURCE OF FUNDING	USD
Australia - Geneva mission	1,500
New Zealand	21,000
World Bank Group	50,000
UNCTAD	176,300
WTO	339,000
TradeComII	450,000
EIF	1,761,600
TOTAL	2,799,400

Source: PIF-GVA database.

¹ Direct source of funding refers to the entity that materially provided financial or technical assistance to the beneficiary. It is understood that International agencies and other facilities normally receive their funds from bilateral donor partners

3.6. Aid-for-Trade Contacts

To request additional information on the activities covered by the report, or to request support with regard to a specific project please contact Mr. Andrea Giacomelli, Trade Policy and Aid-for-Trade Adviser: andrea.giacomelli@pifs-geneva.ch

3.7. Aid-for-Trade Survey

In January 2017 the Office launched a survey to assess performance of its Aid-for-Trade Section and collect feed-back for its improvement. As of 28 March 2018, only 2 responses have been received. FICs are warmly encouraged to [respond to the survey](#) by its closing date, which has been postponed to 30 April 2018 and which will not be extended.

**PLEASE COMPLETE THE ONLINE SURVEY ON THE PIF GENEVA OFFICE BY
CLICKING ON THE LINK BELOW**

<https://www.surveymonkey.com/r/L8SMH2B>

ANNEX 1

**Committee on Trade and Development
Aid for Trade**

DRAFT

**AID-FOR-TRADE WORK PROGRAMME¹
2018-2019**

**SUPPORTING ECONOMIC EMPOWERMENT AND INCLUSIVE, SUSTAINABLE DEVELOPMENT
THROUGH AID FOR TRADE**

1 OVERVIEW

1.1. The Aid-for-Trade Work Programme for 2018-2019 will further develop themes that emerged during the Aid for Trade Global Review 2017 through a focus on "Supporting economic empowerment and inclusive sustainable development through Aid for Trade".

1.2. The new Work Programme will seek to further develop analysis on how trade can contribute to economic empowerment, with a particular focus on Youth, Women and Micro, Small and Medium-sized Enterprises (MSMEs) and how Aid for Trade can contribute to that objective by addressing supply-side capacity and trade-related infrastructure constraints. Other issues to be developed during the Work Programme will include digital connectivity and skills, as well as sustainable development and access to energy.

1.3. The focal point of the Work Programme will be the Aid for Trade Global Review in mid-2019 - the seventh that will have been undertaken since 2007. The Review will be based on a monitoring and evaluation (M&E) exercise. The M&E exercise will be guided by the conclusions of a debate in the Committee on Trade and Development (Aid for Trade) on the achievements obtained by the Aid-for-Trade Initiative.

1.4. In addition to formal meetings, a series of thematic workshops are also planned under the auspices of the Committee on Trade and Development (CTD). Taken together and individually, these activities will continue to support implementation of the 2030 Agenda for Sustainable Development and relevant Programmes of Action.² The focus of the Work Programme aligns with that of the 2019 United Nations High-level Political Forum on Sustainable Development entitled: "Empowering people and ensuring inclusiveness and equality".

2 WORK PROGRAMME - AREAS OF FOCUS

2.1. More than half the world's population is under the age of 30. Between 2012 and 2020 almost 1.1 billion young job-seekers are expected to enter the employment market.³ Many of these job-seekers will enter the workforce in least developed countries (LDCs) whose population is

¹ This Work Programme is issued under the responsibility of the Chair of the Committee on Trade and Development.

² Including, *inter alia*, the Vienna Programme of Action for Landlocked Developing Countries (<http://unohrrls.org/about-ldcs/programme-of-action/>), the Samoa Pathway (<http://www.sids2014.org/samoapathway>) and the Istanbul Programme of Action (<http://unohrrls.org/about-ldcs/istanbul-programme-of-action/>).

³ Work for Human Development, Human Development Report 2015, United Nations Development Programme, http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf.

projected to increase 39% between 2015 and 2030. In Sub-Saharan Africa, 60% of the population is under the age of 24 and by 2030, the continent's working-age population is set to increase by two-thirds, from 370 million adults to over 600 million.⁴

2.2. Meeting the demand for work and employment from young people entering the labour force is neither a new challenge, nor one that governments have found easy to address. Historically, young people aged 15 to 24 years have been disproportionately more affected by unemployment than their adult counterparts. Unemployment among young people has exhibited an upward trend over the last 25 years; it declined in many countries in the early 2000s but then proceeded to rise again during the Great Recession. The youth unemployment rate is almost three times higher than is the case for adults.⁵

2.3. Addressing the challenge of youth employment was a theme highlighted across various thematic sessions at the Aid for Trade Global Review 2017, including those on industrialization, digital economy, skills, and the Sustainable Development Goals (SDGs). Demographic trends in many low-income countries add to the urgency of addressing the issue of jobs and work.

2.4. An important element to the youth employment challenge is its female face. Research suggests that young women are disproportionately badly affected by youth unemployment.⁶ This reflects a broader challenge related to women's economic empowerment. Across the global economy, traditionally, women's unemployment rates have also been higher than those of men in most countries. In addition to the risk of discrimination in the workplace, women face an array of obstacles in terms of access to training, skills and financing.

2.5. The digital divide comprises a significant female dimension. This message emerges strongly at the Global Review and in the accompanying "Aid for Trade at a Glance" publication. International Telecommunication Union (ITU) data on internet use indicates a very clear divide between men and women. In the vast majority of countries, the proportion of men using the internet is higher than the proportion of women. Women are less likely to be connected to the internet or to have the skills and expertise to use that connectivity to engage in e-commerce. One indicator of these issues is the finding that the exporter productivity premium of women-owned firms tends to be roughly half the size of comparable men-owned firms.⁷ Research by the World Bank and WTO also highlighted that trade costs tend to fall excessively heavily on female traders, often in the informal sector.

2.6. Research on high-growth firms in developing countries highlight that they tend to play a disproportionately large role in job creation. Such firms tend to be small in size (less than ten employees) and young in existence (i.e. less than ten years old). High-growth firms exist across all sectors, both services and manufacturing.⁸ Targeting factors that support growth of these firms, including their internationalization, may help address both employment and also supply-side capacity constraints. This insight again feeds into a broader narrative on MSMEs. On this topic there is an opportunity to update and extend the work undertaken as part of the 2014-2105 Work Programme⁹ on the topic of "Aid for Trade and SME competitiveness: Connecting Developing Country SMEs to Global Value Chains".

2.7. Another factor that emerged strongly from the Aid for Trade Global Review 2017 is the challenge of achieving export diversification and supply-side capacity growth at a time of unprecedented speed of technological change in the global economy, driven by digital connectivity and growth in e-commerce. The World Trade Report 2017 discusses the challenge of "Trade, Technology and Jobs" in depth. Skills are an area which it identifies as critical. One finding is that trade and technology both increase the demand for skills in advanced economies and lead to

⁴ The World Population Prospects: 2015 Revision, United Nations Department of Economic and Social Affairs, <http://www.un.org/en/development/desa/publications/world-population-prospects-2015-revision.html>.

⁵ "World employment and social outlook: Trends 2015", International Labour Office 2015.

⁶ ILO 2015 op. cit.

⁷ "Closing the Small-Business and Gender Gap to Make Trade More Inclusive", International Trade Centre in "Aid for Trade at a Glance 2017: Promoting Trade, Inclusiveness and Connectivity for Sustainable Development".

⁸ "Global Investment Competitiveness Report 2017/2018", World Bank Group.

⁹ Workshop on Aid for Trade and SME competitiveness, 9 October 2014, https://www.wto.org/english/news_e/news14_e/aid_10oct14_e.htm.

upskilling in developing economies as trade supports the spread of new technologies and different production practices.

2.8. The skills issue emerged strongly from both the Global Review and the "Aid for Trade at a Glance" publication; it also feeds back into the question of youth work and jobs. Digital skills are one of the foundational elements for participation in e-commerce.¹⁰ Various examples were given at the Global Review of training on digital skills being offered by national governments, development partners and the private sector. One example cited was a joint ITU and International Labour Organization (ILO) project to equip 5 million young people with Information and Communications Technology (ICT) through the "Digital Skills for Decent Jobs for Youth" campaign. Furthermore, a growing number of e-trade readiness assessments are becoming available, including for LDCs. Assessments for Liberia, Nepal, Samoa and Vanuatu were conducted in the final quarter of 2017.

2.9. A further challenge highlighted by the Aid for Trade Global Review 2017, in the context of the 2030 Agenda for Sustainable Development, is that of pursuing structural transformation and export diversification in the context of the transition to green economy. Sustainability intersects with multiple SDGs and inter-relates with several of the supply-side capacity constraints that constrain growth. Notable here is SDG 7 that relates to ensuring access to affordable, reliable, sustainable and modern energy for all. Access to electricity was highlighted as a major constraint in relation to digital connectivity. It has consistently been referenced as a constraint to industrial capacity growth.

2.10. On this topic there is an opportunity to update and extend past work on sustainable development and green economy by expanding analysis to examine initiatives addressing the power generation and energy access gap that inhibits the development of productive capacity in some regions and economies.¹¹ Energy generation is also one of the largest items in Aid-for-Trade (AFT) spending by development partners. To take one example, World Bank Group energy financing, including International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) guarantees, has topped US\$49 billion since 2010, of which over US\$21 billion was for energy efficiency and renewable energy projects.

3 REVIEW OF AID-FOR-TRADE ACHIEVEMENTS

3.1. The 2016-2017 Work Programme included provision for a review of Aft achievements. It noted that: "A review document will be drafted and presented to the CTD Aid for Trade, and the discussions on which will then be reported to the General Council. It will also be fed into the G-20 deliberations as part of the ongoing monitoring of the G-20's commitment on Aid for Trade. The review document will be prepared jointly with the Organisation for Economic Co-operation and Development (OECD) – WTO's core partner in the monitoring and evaluation of the Aid-for-Trade Initiative".¹²

3.2. Accordingly, work was undertaken to help in the review of Aft achievements. A joint working paper was prepared by the OECD and WTO.¹³ The programmed review of achievements will be carried forward into the 2018-2019 Work Programme and will include analysis emerging from the Aid for Trade Global Review 2017. An overview of achievements will be complemented with discussion of the monitoring methodology and how this could be updated to reflect better alignment with the 2030 Agenda for Sustainable Development, implementation of WTO Agreements and relevant Programmes of Action.¹⁴

¹⁰ "Harnessing E-commerce for Sustainable Development", UNCTAD in "Aid for Trade at a Glance 2017" op. cit.

¹¹ Workshop on Aid for Trade, Sustainable Development and Green Economy, 29 February 2012. Further details: https://www.wto.org/english/tratop_e/devel_e/a4t_e/wkshop_feb12_e/wkshop_feb12_e.htm.

¹² Promoting Connectivity, Aid-for-Trade Work Programme 2016-2017, WT/COMTD/AFT/W/60.

¹³ "Aid for Trade 10 years on: Keeping it Effective". <http://www.oecd.org/trade/OECD-WTO-AFT-10-years-on.pdf>.

¹⁴ Including, *inter alia*, the Vienna Programme of Action for Landlocked Developing Countries (<http://unohrls.org/about-ldcs/programme-of-action/>), the Samoa Pathway

4 WORK PROGRAMME ACTIVITIES

4.1. A series of formal AfT sessions of the Committee on Trade and Development will be scheduled by the CTD Chairperson. These meetings provide a forum to discuss AfT issues, including suggestions made during the elaboration of this Work Programme and other AfT issues of interest to Members. Thematic workshops and other events will also be organized back-to-back with the formal CTD AfT sessions. These workshops will provide an opportunity to explore the themes identified in section two of this document outlining areas of focus. Topics proposed include: Digital connectivity and skills development; Aid for Trade's contribution to empowerment, with a particular focus on Youth, Gender and MSMEs; Aid for Trade and the Green Economy, with a particular focus on power generations; Results of the M&E exercise 2018-2019.

4.2. Outreach and advocacy efforts will continue to promote mainstreaming trade by developing countries and their development partners, implementation of national and regional AfT strategies, and for the mobilization of additional, predictable, sustainable and effective AfT resources. Advocacy on resource mobilization should reflect the views of developing countries with regard to their development and financing needs, in particular those of LDCs notably with regard to infrastructure financing. The Enhanced Integrated Framework (EIF) for LDCs is germane in this context. Outreach efforts will also continue towards South-South partners, to discuss South-South and triangular trade and investment activities, in particular with LDCs.

4.3. The centrepiece of the Work Programme will be the Aid for Trade Global Review in mid-2019. It will be underpinned by an M&E exercise. The M&E exercise and accompanying Global Review will be informed by conclusions and recommendations arising from the review of AfT achievements. Efforts will be made to engage a broad range of partners in the M&E exercise, notably as regards engagement with the private sector, specifically SMEs in developing countries, and in particular LDCs. A further focus will be to use innovative methods and approaches, whilst ensuring continued broad engagement and participation in the M&E exercise. Results of the Global Review would then be transmitted to the CTD Aid for Trade, reported to the General Council and onwards to the WTO Ministerial Conference.
