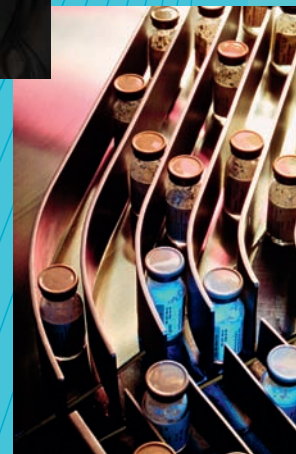




WORLD TRADE ORGANIZATION
ORGANISATION MONDIALE DU COMMERCE
ORGANIZACIÓN MUNDIAL DEL COMERCIO











The WTO and the Millennium Development Goals



The **World Trade Organization (WTO)** is the international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members. It seeks to place developing countries' needs and interests at the heart of its work programme.

The United Nations **Millennium Development Goals (MDGs)** are eight international development goals that all 192 members and a number of international organizations have agreed to achieve by the year 2015 to end poverty. They include reducing extreme poverty, reducing child mortality rates, fighting disease epidemics, such as HIV/AIDS, and creating a global partnership for development.

The main goal that concerns the WTO is **MDG 8**, building a global partnership for development. However, WTO activities are also relevant to other goals, such as MDG 1, whose aim is to eradicate extreme poverty and hunger. In fact, the MDGs cannot be seen in isolation: they are all interconnected.

	<p>Goal 1: Eradicate extreme poverty and hunger</p> <p>Target 1a: Reduce by half the proportion of people living on less than a dollar a day Target 1b: Achieve full and productive employment and decent work for all, including women and young people Target 1c: Reduce by half the proportion of people who suffer from hunger</p>
	<p>Goal 2: Achieve universal primary education</p> <p>Target 2a: Ensure that all boys and girls complete a full course of primary schooling</p>
	<p>Goal 3: Promote gender equality and empower women</p> <p>Target 3a: Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015</p>
	<p>Goal 4: Reduce child mortality</p> <p>Target 4a: Reduce by two-thirds the mortality rate among children under five</p>
	<p>Goal 5: Improve maternal health</p> <p>Target 5a: Reduce by three-quarters the maternal mortality ratio Target 5b: Achieve, by 2015, universal access to reproductive health</p>
	<p>Goal 6: Combat HIV/AIDS, malaria and other diseases</p> <p>Target 6a: Halt and begin to reverse the spread of HIV/AIDS Target 6b: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it Target 6c: Halt and begin to reverse the incidence of malaria and other major diseases</p>
	<p>Goal 7: Ensure environmental sustainability</p> <p>Target 7a: Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources Target 7b: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss Target 7c: Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation Target 7d: Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020</p>
	<p>Goal 8: Develop a Global Partnership for Development</p> <p>Target 8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system Target 8b: Address the special needs of the least-developed countries Target 8c: Address the special needs of landlocked developing countries and small island developing States Target 8d: Deal comprehensively with the debt problems of developing countries Target 8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries Target 8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>

The WTO and the Millennium Development Goals

International trade can lead to economic growth and development, and the World Trade Organization (WTO) is very much at the forefront of efforts to make this happen for developing countries. This, in fact, is what the WTO and the Doha Round of trade negotiations are all about. The economic and developmental benefits brought about by the multilateral trading system can go a long way towards helping countries achieve the goals set out in the UN Millennium Declaration to reduce extreme poverty by the year 2015.

This brochure outlines the relationship between the WTO and the United Nations Millennium Development Goals (MDGs). It discusses how the attainment of these goals is being assisted by:

- developing countries' participation in the multilateral trading system
- Doha Development Round negotiations, which seek to address some of the imbalances in trade rules that have hindered developing countries' integration into the global economy
- the Aid for Trade initiative, which aims to help developing countries increase their participation in international trade and reap the resulting benefits
- efforts to increase access to affordable medicine in developing countries.

A global partnership

The work of the WTO is relevant to achieving a number of the MDGs, but specifically the organization's core activities fall mainly within the objectives of MDG 8, a global partnership for development. This MDG was born from the recognition that for poorer countries to achieve the other MDGs, it is important to create an international environment that facilitates their attainment by 2015.

MDG 8 is therefore an important element in the overall structure of the MDGs. While all MDGs are important in helping countries to reach a level of development conducive to the elimination of extreme poverty, MDG 8 is the precondition for all of these goals to be sustainable in the long run.

MDG 8 recognizes that the ability of developing countries to reach sustainable levels of growth often depends on the international environment in which they operate. By acting for a stable, open multilateral trading system, the WTO's contribution is crucial in building a more favourable global environment for developing countries.

The idea of a "global partnership" is enshrined in the WTO mandate, prescribing the pursuit of international

coherence in economic policy-making. The original mandate specifically advises cooperation with the International Monetary Fund (IMF) and the World Bank, but over the years the WTO has expanded its scope to include cooperation with the UN system, the Organization for Economic Cooperation and Development (OECD) and other international partners on a wide range of issues. Although the extent of such cooperation can vary, this coordination contributes to the creation of a comprehensive approach in addressing multi-faceted global problems and can have positive implications for achieving MDG 8.

The six targets identified under MDG 8 show that the international community recognizes that open trade is an important engine for development. For trade to deliver real economic growth effectively, it needs to be "open, rule-based, predictable and non-discriminatory", as recognized in Target A. This corresponds to the WTO's core business of regulating international trade, reducing market barriers and ensuring a level playing field for all its members.



MDG 8: A Global Partnership for Development

Target A

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target B

Address the special needs of the least developed countries

Target C

Address the special needs of landlocked developing countries and small island developing States

Target D

Deal comprehensively with the debt problems of developing countries

Target E

In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target F

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications



The six targets identified under MDG 8 show that the international community recognizes that open trade is an important engine for development

Furthermore, the trade opening promoted by the WTO takes into account the development challenges faced by many of its members. It is widely recognized that in international competition poorer countries are faced with much more serious and complex constraints than developed countries. WTO members have therefore committed themselves to ensuring that developing countries, and especially the least-developed countries (LDCs), share in the growth in international trade in keeping with their economic development needs.

In keeping with Target B of MDG 8 – that is, addressing the special needs of the LDCs – the WTO is also committed to working towards enhancing the benefits that can accrue to the poorest of its members. In designing its rules, the WTO recognizes the capacity constraints of these countries in taking on trade-related commitments. It has therefore endeavoured to provide appropriate flexibilities and policy space to the LDCs. The WTO is working closely with the LDCs and with other international organizations to ensure a positive outcome from the United Nations Fourth Conference on LDCs which Turkey will host in 2011.

The WTO also has a work programme for the small island developing states and contributes regularly to the international efforts to address the needs of the landlocked developing countries – in keeping with Target C of MDG 8.

In line with Target E (providing access to affordable medicines in developing countries), WTO members have agreed an amendment to WTO rules to give developing countries greater access to essential drugs, thus contributing to wider national and international action to address public health problems (see page 9).

Target F (making available the benefits of new technologies) is partly addressed by WTO work to increase flows of technology to developing countries. By identifying technology and innovation as critical drivers of economic growth, the WTO has indicated that technology innovation and its transfer are important for the achievement of the MDGs. WTO members continue to discuss specific steps that might be taken within the mandate of the WTO to further increase flows of technology to developing countries.

Trade and development

The majority of WTO members are developing countries, so one of the main focuses in the organization is on ensuring that these countries are able to benefit from participating in international trade and from the multilateral trading system.

The Agreement Establishing the WTO recognizes the need for positive efforts to ensure that developing countries, and especially those that are least-developed, share in the growth of international trade. This was also reiterated in the Doha Ministerial Declaration of 2001, which launched the current multilateral trade negotiations. These negotiations, known as the Doha Development Agenda (DDA), are central to the WTO's contribution to achieving the MDGs.

In the Agreement Establishing the WTO, it is recognized that “there is need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development”

Over the years, trade openness has contributed considerably to enhancing developing countries' participation in the global economy. Figure 1 shows that from 1990 to 2008, the volume of exports from developing countries grew consistently faster than exports from developed countries or the world as a whole, as did the share of developing countries' exports in the value of total world exports. For example, between 2000 and 2008 the volume of developing countries' exports almost doubled, while world exports increased by only 50 per cent.

Trade between developing countries, South-South trade, has also seen a marked increase. The share of developing countries' exports going to developing countries increased from 29 per cent in 1990 to 47 per cent in 2008 (see Figure 2).

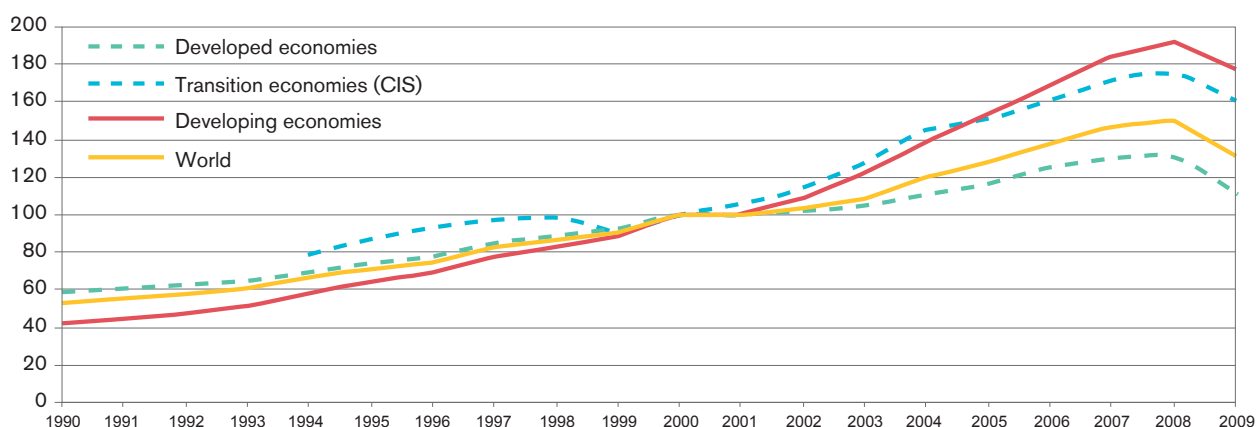
In fact, even in the recent economic crisis, the decline in the value of developing country exports was smaller than developed country exports. For instance, relative to the first quarter of 2007, developing and developed country exports fell by 28 and 35 per cent respectively in the second quarter of 2009.¹ Moreover, the value of developing country exports began to decline only in the third quarter of 2008, as compared to developed countries for whom the decline started

¹ Year-on-year percentage change.



FIGURE 1: Volume of exports of developed, developing and transition economies: 1990-2009

(Index, 2000=100)



Source: WTO Secretariat estimates.

one quarter earlier. In addition, developing countries' exports resisted the crisis better in the sense that their recovery has been more robust. For instance, in the fourth quarter of 2009, the value of developing country exports had reached their 2007 third quarter level, whereas the value of developed country exports had only reached their 2007 first quarter level.

However, not all developing countries participate equally in international trade. Figure 3 provides a breakdown of developing countries' exports by region. Asia is by far the most important exporting region in the developing country group, with a 10 per cent share of world exports in 1990 (US\$ 335 million) which increased to 21 per cent (US\$ 2,603 million) in 2009. In contrast, Africa had the smallest share in world

exports, at 3 per cent, both in 1990 and 2009. Along with Africa, Latin America and the Middle East have not experienced a notable increase in the share of world exports from 1990 to 2009. At the same time, the value of these three regions' exports did increase over the period: African exports, for example, increased from US\$ 106 million in 1990 to US\$ 379 million in 2009. In addition, LDCs accounted for only 2.8 per cent of the value of exports of the developing country group in 2009. This share has remained largely unchanged since 1990, although LDCs' exports did increase in value, from US\$ 18 million in 1990 to US\$ 125 million in 2009.

More needs to be done to ensure a wider participation of developing countries in international trade, including

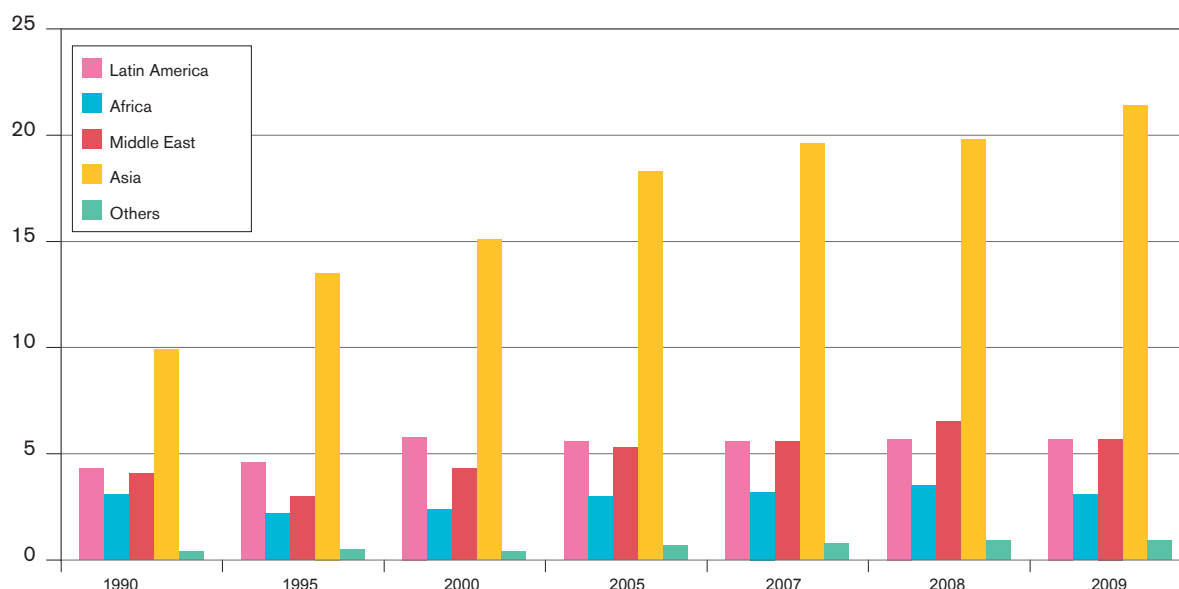
FIGURE 2: Exports of developing economies by destination: 1990 and 2008

(Billion dollars and percentage)



Source: WTO Secretariat estimates

FIGURE 3: Share of developing economies in the value of world exports, by region: 1990 to 2009 (per cent)



Source: WTO Secretariat estimates

reducing trade barriers further. This is especially important given the relationship between trade and economic growth.

A successful conclusion to the Doha Round would be a big step forward. Through the substantial trade opening and the reinforcement of disciplines in areas such as subsidies that would take place, developing countries would benefit from significant opportunities to enhance their share of world trade and would thereby be in a stronger position to use trade as an engine for growth, development and the achievement of the MDGs.

Doha Development Agenda

At the WTO's Fourth Ministerial Conference held in Doha, Qatar, in November 2001, ministers recognized the central role that international trade can play in the promotion of economic development. Acknowledging the fact that the majority of WTO members are developing countries, they agreed to continue making positive efforts to ensure that developing countries, and in particular LDCs, secure a share in the growth of world trade commensurate with their development needs. Thus, in launching the Doha Development Agenda (DDA) talks they placed developing countries' needs and interests at the heart of the negotiations. Furthermore, specific efforts are being made in the negotiations to address the needs of the LDCs, as well as those of "small and vulnerable economies".

"The majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration"
Doha Ministerial Declaration, November 2001

A fundamental aspect of the Doha Round of negotiations is that it addresses some of the imbalances in trade rules that have hindered developing country exports. This is to ensure that the rules under consideration provide developing countries with real market opportunities and accordingly opportunities to enhance their development and growth prospects. The development dimension permeates all negotiating areas. When the Doha Round is concluded, the multilateral trading system will be more open – particularly for developing countries' exports – and will have a strengthened rule-making structure that will be more balanced, especially towards developing country interests and concerns. There is, therefore, a clear connection between concluding the DDA negotiations and bringing about MDG 8.

The official MDG indicators, developed to assess progress towards achieving the goals, spell out the importance of increased market access in meeting the needs of developing and least-developed countries. These include: 1) increased duty-free access for developing countries, 2) tariff reduction (especially on agricultural products, textiles and clothing) and 3) the reduction of trade-distorting subsidies from



developed countries. All of these elements are part of the WTO agreements and are subject to negotiations. A successful conclusion of the Doha Round would therefore go a long way in addressing developing country needs and contribute significantly to the achievement of MDG 8.

A successful conclusion of the Doha Round would address developing country needs and contribute significantly to the achievement of MDG 8

Concluding the Doha Development Round would address the trade distortions which plague the agriculture sector to the detriment of developing countries, many of which enjoy a comparative advantage in this sector. The MDGs also recognize the agricultural sector as an important area where progress towards development can be made. A more open agricultural sector would also allow for the diversification of agricultural production in developing countries. A decision taken by WTO members to provide duty-free and quota-free market access to products from LDCs (see Box 1) will be beneficial to those countries.

The agricultural sector has traditionally been a highly protected sector in many countries. While agriculture makes a significant contribution to the economies of a large number of developing countries, many of the world's agricultural producers are disadvantaged in the world trading environment because of high tariff barriers and competition from producers – particularly in developed countries – that receive high levels of domestic or export-related support. Already prior to the launching of the Doha Round, WTO members

had committed themselves to the long-term objective of establishing a fair and market-oriented trading system for agricultural products. The Doha Round strengthened this resolve by allowing for continued negotiations between members to achieve this objective. In the context of the Doha Round, tariff barriers and trade-distorting domestic support in agriculture will be substantially cut. Furthermore, WTO members have agreed as part of the overall package to eliminate agricultural export subsidies completely.

Important market access opportunities can similarly be expected for developing countries in the non-agricultural area. Trade in industrial products accounts for more than 90 per cent of world trade in goods and encompasses some key products of export interest to many developing countries. Thanks to previous rounds of trade negotiations, tariffs in developed countries on industrial products are today on average relatively low. However, this average often hides remaining high tariffs on products in which developing countries have a particular stake. A reduction in tariffs and non-tariff barriers to industrial trade would thus provide important export possibilities for developing countries. In fact, the mandate for the industrial negotiations specifically calls for the reduction or elimination of trade barriers on products of export interest to developing countries. As with agriculture, LDCs will reap additional benefits in the industrial area from the duty-free and quota-free market access decision (see Box 1).

Other elements of the Doha Round also support the achievement of MDG 8. WTO members are simultaneously working to bring down other obstacles to merchandise trade. The aim of the Doha Round's trade facilitation negotiations is to improve the efficiency of transactions by expediting the movement,

Box 1: Duty-free and quota-free market access for LDCs

Duty-free and quota-free (DFQF) market access for products originating in LDCs has been a long-standing aspiration of LDCs in the multilateral trading system and is a shared objective of the international community as expressed in the Millennium Development Goals. WTO members at the launch of the Doha Round in November 2001 committed themselves to the objective of providing DFQF market access to LDC products. Building on this commitment, in December 2005, at the WTO's Sixth Ministerial Conference in Hong Kong, China, they agreed that developed country members of the WTO would provide DFQF market access for at least 97 per cent of products originating from LDCs. Developing country members, within their capacity, were also invited to provide DFQF market access for LDCs' products.

While most developed country members have already met the 97 per cent threshold of providing DFQF market access to products originating from LDCs, a significant benefit to LDCs from the conclusion of the Doha Round will be that all developed country members will be required to take on this commitment. This contributes directly to the achievement of MDG 8 by increasing the "proportion of total developed country imports from developing countries and least developed countries, admitted free of duty". Furthermore, some developing members have also undertaken initiatives to provide DFQF access for LDCs. Given the growing importance of developing market destinations for LDC exports, these initiatives also hold great potential for further expansion of South-South trade.

Another important element in the Hong Kong Decision concerns preferential rules of origin, which govern preferential trade arrangements including tariff concessions. Members stressed the need to ensure that those rules as "applicable to imports from LDCs are transparent and simple and contribute to facilitating market access".



release and clearance of goods across borders, thereby reducing transaction and transit costs that are particularly important for landlocked developing countries, while increasing possibilities for small and medium-sized enterprises to expand and participate more actively in international trade.

The Doha Round also encompasses services. Services is the dominant economic activity in virtually all countries of the world, and the opening of services trade can provide many opportunities to developing countries. Developing countries have voiced their interest in many services sectors (including professional services, computer and related services, telecommunication services, construction and related engineering services, distribution services, energy services, environmental services, financial services, tourism services and transport services) and in supplying services through the various means identified by the WTO, including through the cross-border supply of services and the temporary movement of professionals across borders. Negotiations are also advancing to provide LDC service providers with preferential market access.

The opening of services trade can provide many opportunities to developing countries

Through further market opening in emerging economies, the Doha Development Round negotiations will also enhance the potential for South-South trade, with the resulting benefits to developing countries. This could be a very significant outcome of the Doha Round.

Additionally, the Doha Round would strengthen the multilateral trading system through addressing

fisheries subsidies, which contribute to over-fishing. The negotiations will also lead to an improvement in the existing rules against unfair trading practices. Strengthening the regulations governing the multilateral trading system will benefit all WTO members, but smaller players in global trade will benefit in particular, as they will from the fact that the principle of special and differential treatment (S&D) in favour of developing countries governs all areas of negotiation in the Doha Round. Finally, the Doha Round will provide for more certainty in trading arrangements by securing binding commitments from member countries. Estimates of the gains to developing countries from a conclusion of the Doha Round are summarized in Box 2.

In summary, completion of the Doha Round would be a fundamentally important contribution by the WTO to the realization of the MDGs. The Doha Round provides a unique opportunity for the international community to tackle issues in international trade that cannot be addressed in other forums.

Aid for Trade

While the conclusion of the Doha Round of negotiations would give developing countries the opportunity to gain a larger share of global trade, it is now widely acknowledged that enhanced market access opportunities alone will not be sufficient for all these countries to achieve this gain. Many of them simply do not have the capacity to take advantage of the market access opportunities that will arise.

The Aid for Trade initiative was launched precisely for this reason. Aid for Trade is essentially about providing financial and technical assistance to developing

Box 2: Potential gains to developing countries from the conclusion of the Doha Round

According to a recent study by Adler et al. (2009),¹ the trade gains for a sample of 15 developing countries in agriculture, non-agricultural market access and services are estimated to be US\$ 7.8 billion, US\$ 38.9 billion and US\$ 68.8 billion respectively. Kinman et al. (2007)² show that, in proportion to GDP, trade gains from the conclusion of the Doha Round are twice as large for developing countries and three times as large for least-developed countries as they are for developed countries, with the largest trade surge being trade between developing countries. Taking into account the effects of measures such as trade facilitation and the Aid for Trade initiative, Hoekman and Nicita (2010)³ show that a marginal reduction in trade costs can boost the trade expansion effects of the Doha Round by a factor of two or more. In addition, Adler et al. (2009) show that the income gains for developing countries from greater market access and trade facilitation as a result of the Doha Round amount to 0.3 and 1.5 per cent of GDP respectively. In both cases this is almost double the percentage increase for developed countries. Finally, Bouet and Laborde (2010)⁴ argue that a failure to conclude the Doha Round would not only prevent an increase in world trade, but may also precipitate a worldwide move towards protectionism that would reduce world trade by US\$ 808 billion. This "preventive" role of the DDA represents the systemic benefits stemming from the adoption of binding and enforceable commitments. The authors show that in terms of real income, about two-thirds of global gains resulting from this "preventive" role accrue to developing countries.

Sources:

¹ Adler, M., Brunel, C., Hufbauer, G.C. and Schott, J.J. (2009), "What's on the table? The Doha Round as of August 2009", Peterson Institute for International Economics Working Paper Series N° WP 09-6.

² Kinman, S. and Lodefalk, M. (2007), "What is at stake in the Doha Round", *The World Economy* 30:8, pp. 1305-1325.

³ Hoekman, B. and Nicita, A. (2010), "Assessing the Doha Round: Market access, transactions costs and Aid for Trade facilitation", *The Journal of International Trade and Economic Development* 19:1, pp. 65-79.

⁴ Bouet, A. and Laborde, D. (2010), "Assessing the potential cost of a failed Doha Round", *World Trade Review* 9:2, pp. 319-351.



countries, especially the LDCs, to help them build up their supply-side capacity and strengthen their trade-related infrastructure to enable them to produce and trade more. Aid for Trade facilitates the mobilization of international resources to address developing countries' supply-side constraints and trade-related bottlenecks. Providing assistance for capacity-building is one of the indicators that measure progress towards the achievement of MDG 8, so it is clear that Aid for Trade has a supportive role to play in the realization of the MDGs.

Aid for Trade has a supportive role to play in the realization of the MDGs

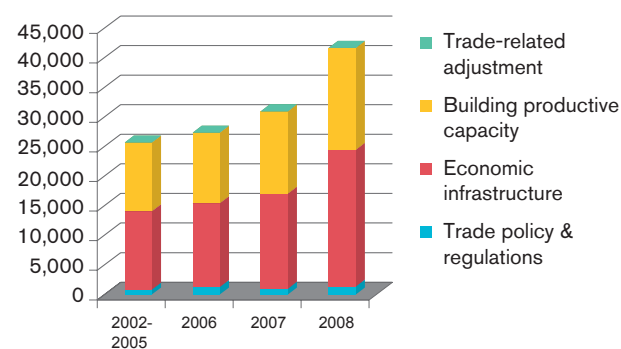
Through the Aid for Trade initiative, the WTO is playing an important role – in partnership with other international organizations – in helping developing countries increase their share of world trade and thereby come closer to fulfilling their development aspirations. The WTO serves as platform for the actions of a large number of actors (international organizations, regional development banks, donors, civil society). It is an example of partnership at work. The WTO spotlights Aid for Trade through periodic meetings of its Committee on Trade and Development and through annual Aid for Trade debates in the WTO's General Council, as well as through Global Reviews on Aid for Trade. These events serve to focus on objectives and measure progress of Aid for Trade.

Commitments on Aid for Trade have increased year-on-year, as shown in Figure 4 (all figures quoted are in constant 2008 prices). In 2007, Aid for Trade

increased by 20.6 per cent over the baseline period of 2002-05, with commitments reaching almost US\$ 31 billion (up from US\$ 25.7 billion). The increase in Aid for Trade commitments for 2008 was even more impressive. Preliminary figures illustrate an increase of 35 per cent, to US\$ 41.7 billion. The 2008 Aid for Trade flows are 62 per cent greater than the 2002-05 baseline average.

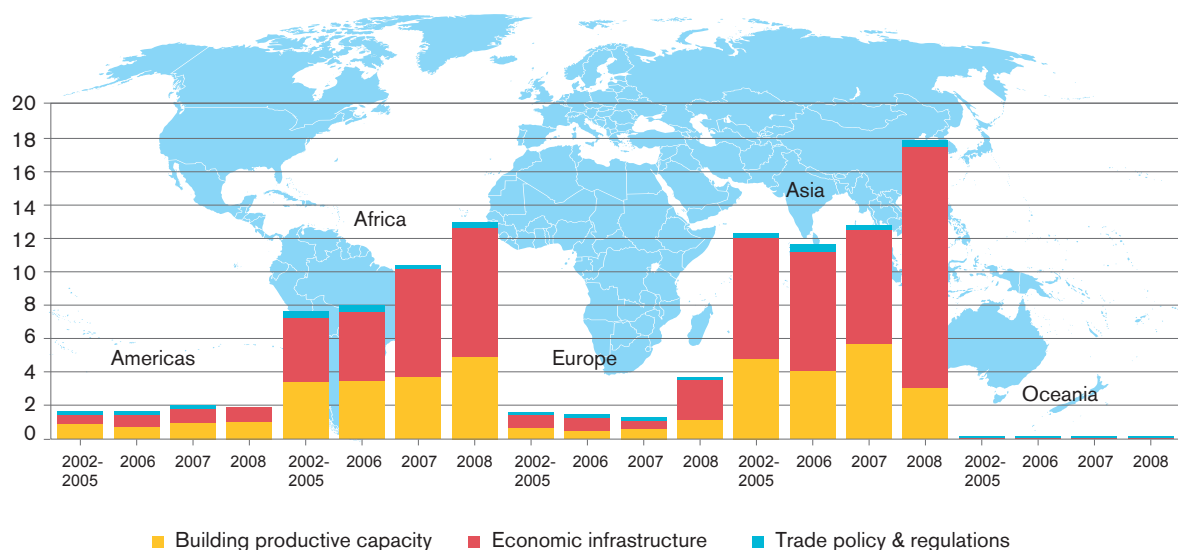
The distribution by region of Aid for Trade flows shows an increase in resources for all regions relative to the baseline period (see Figure 5). The data for 2008 also indicates that Africa, Asia, Europe and Oceania all witnessed increases in flows over 2007 while the Americas saw a slight decline over this period. Although LDCs and low-income countries continue to receive substantial Aid for Trade, there needs to be a sustained effort to ensure that these countries continue to benefit from an increase in Aid for Trade flows.

FIGURE 4: Aid for Trade increases since 2002-05 baseline period (US\$ million)



Source: OECD CRS database

FIGURE 5: Regional distribution of Aid for Trade flows (in per cent)



Source: OECD CRS database



The Second Global Review of Aid for Trade, held at the WTO in July 2009, highlighted that Aid for Trade has taken root and that WTO members are taking greater ownership of the initiative, in particular developing countries.

One of the highlights of the Review was showcasing Aid for Trade in action. The presentation of the North-South Corridor – a joint initiative of the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community – showed what could be achieved when demand and supply, need and response, and commitment and responsibility unite. This was also true of the Greater Mekong Sub-Region Economic Cooperation Programme, which aims to promote development through closer economic linkages in South East Asia, as well as the Mesoamerican Integration and Development Project which is also designed to promote regional economic integration.

The Review reaffirmed the importance of regular reviews for mobilizing Aid for Trade financing, highlighting the needs of developing countries and showcasing effective implementation. In his closing remarks, the WTO Director-General Pascal Lamy reiterated that Aid for Trade “was coherence in global economic policy-making in action”. The Review and its outcomes contributed to the development of the Aid for Trade Work Programme for 2010-11. This Programme consolidates the progress achieved and maintains momentum on a number of key areas, including resource mobilization, implementing the initiative especially through regional cooperation, monitoring and ensuring greater involvement by the private sector.

It is critical that the level of Aid for Trade flows is sustained in the future. The impact of the economic crisis on both developed and developing countries, including increasing pressure on public finances, reinforces the need for Aid for Trade flows to be sustained and made more effective in supporting economic growth and alleviating poverty.



Aid for Trade in action: one of the aims of the Greater Mekong Sub-Region project is to improve transport links between Thailand and its neighbours and to promote development through closer economic linkages.

In addition, the Aid for Trade initiative has led to a marked increase in the efforts of both donors and recipients to mainstream trade effectively within their development policies, national development and sectoral strategies, regional development plans and donor aid strategies. The responses of partner countries to a joint WTO/OECD questionnaire in 2009 indicates that developing countries are increasingly aware of the importance of this and are taking steps in this direction. Donors have also made greater efforts to align their strategies to the needs and priorities of partner countries.

The Third Global Review of Aid for Trade will be held in 2011, with a focus on evaluating the impact of Aid for Trade on economic growth, trade creation and poverty reduction. Evaluation is a critical component of the Aid for Trade initiative because it is important to illustrate, through both evidence-based assessments and anecdotal feedback, that Aid for Trade is having the necessary impact on development.

Joint WTO/OECD work on the evaluation of Aid for Trade is continuing and will be highlighted at the Third Global Review. This will provide an opportunity for international development partners and policy makers to assess and evaluate how the initiative has been working based on case studies and examples of Aid for Trade “on the ground”.

The Enhanced Integrated Framework helps least-developed countries use trade as an engine for growth and development

The WTO is a partner in a capacity-building initiative called the Standards and Trade Development Facility (STDF). This Aid for Trade initiative was established by the Food and Agriculture Organization of the United Nations (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO to help developing countries enhance their expertise and capacity to analyse and implement international sanitary and phytosanitary (SPS) standards regarding food safety and animal and plant health measures. The WTO is also involved as a partner in the Enhanced Integrated Framework (EIF), which is specifically targeted at LDCs (see Box 3).

Aid for Trade is having a real impact on the ability of countries to trade. It is one of the key deliverables of the WTO in support of the Millennium Development Goals since the increased emphasis on economic activity and developing effective infrastructure has



Box 3: The Enhanced Integrated Framework

The targets in MDG 8 emphasize the need to cater to the poorest, most disadvantaged and least-developed countries (LDCs) in the multilateral trading system. LDCs, for their part, recognize the importance of trade in supporting economic growth, alleviating poverty and attaining the MDGs.

To use trade as an engine for growth, LDCs need to strengthen their productive capacity. The Enhanced Integrated Framework (EIF) is the mechanism assisting LDCs to do so. Through the EIF partnership, LDCs combine their efforts with those of EIF donors, EIF core agencies (the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development, the United Nations Development Programme, the World Bank and the WTO) and other development partners to respond to their trade development needs so that they can become full and active beneficiaries of global economic growth. The EIF assists in prioritizing trade-related needs into LDC national development strategies, thereby strengthening donor coordination and dialogue between

LDCs and their development partners. The EIF assists LDCs in accessing the required funding through the EIF Trust Fund and through leveraging broader Aid for Trade.

Building on its previous identity as the "Integrated Framework", which was launched in 1997, the Enhanced IF is now fully operational. There are currently 47 LDCs involved in the EIF process. In April 2010 the donor commitments to the EIF Trust Fund stood at US\$ 182 million while the contributions received have risen to almost US\$ 100 million and are still growing. A number of projects for funding from the EIF Trust Fund have been approved and more are in the pipeline.

While some of the trade priorities identified by the LDCs through the EIF process can be funded through the EIF Trust Fund, the vast majority of activities need to be funded by the LDCs' development partners through initiatives such as Aid for Trade. The EIF assists LDCs in leveraging Aid for Trade through its assistance in integrating trade into national development plans.

For more information, see <http://www.integratedframework.org>

clear and positive effects on poverty reduction and employment in developing countries. Aid for Trade can help promote export diversification and engender multi-stakeholder participation in determining trade needs and priorities.

Another novel achievement of Aid for Trade has been greater recognition accorded to South-South trade and other forms of cooperation for generating additional funding and capacity-building for developing countries, especially least-developed and low-income countries. It is clear that South-South activities are becoming increasingly important complements to more traditional donor-funded activities. Together with the conclusion of the Doha Round, Aid for Trade forms an important engine in realizing the MDGs.

Access to medicines

An overarching goal of the WTO is to make the management and application of intellectual property rights an integral part of broader public policy objectives in the area of public health.

The WTO works actively with other international organizations, representatives from civil society, the academic community and the private sector. Its activities are regularly carried out in close cooperation with the World Health Organization (WHO) and the World Intellectual Property Organization (WIPO).

The WTO is actively promoting the attainment of Target E of MDG 8, which aims to provide access to affordable medicines on a sustainable basis in developing countries. The past decade has seen a strong policy emphasis on public health and access to medicines

in the WTO, with a particular focus on clarifying the way in which flexibilities under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) should be interpreted and implemented regarding public health. This has included creating an additional pathway for access to medicines.

The WTO is actively promoting the attainment of Target E of MDG 8, which aims to provide access to affordable medicines in developing countries

The Doha Declaration on the TRIPS Agreement and Public Health continues to serve as a landmark in recognizing the linkage between the WTO system and the broader public policy issue of health. It also serves as a benchmark for international cooperation on intellectual property and public health (see Box 4). By bringing together different policies and distinct areas of expertise, it has helped build a stronger framework for multilateral cooperation on intellectual property and public health, and supports governments in making use of TRIPS flexibilities.

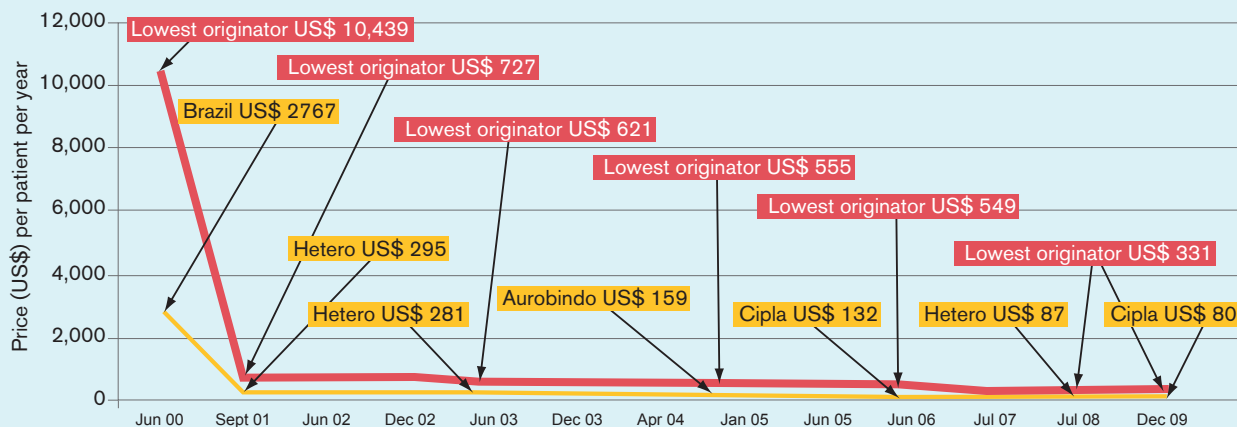
For example, countries without sufficient manufacturing capacities can make effective use of compulsory licensing through the so-called "Paragraph 6 System". This gives poor countries additional flexibility under the TRIPS Agreement to gain access to affordable medicines. Agreed in August 2003, the "Paragraph 6" system allows generic versions of patented medicines to be made under compulsory licence (that is, without the consent of the patent holder) for export to countries that cannot manufacture the medicines themselves.



Box 4: Access to medicines and the Doha Declaration on TRIPS and Public Health

Measuring access to medicines is a complex task, but price is one key factor among others. The Doha Declaration on TRIPS and Public Health recognized concerns about effects on prices while noting the need for innovation. Since the Declaration was adopted in 2001, prices for many treatments have fallen significantly, in part due to generic competition and tiered pricing schemes (see graph below). Surveys also show a marked increase in the use of TRIPS flexibilities to promote access to medicines.

Falling prices of first-line combinations of some first-line anti-retroviral therapies for HIV/AIDS since 2000



Source: Extract from MSF, *Untangling the Web of Price Reductions*, January 2010 at <http://www.msfacecess.org>.

Paragraph 6 is the first amendment agreed to in the entire package of WTO rules concluded in the Uruguay Round, a measure of the significance that WTO members have given to the question of access to medicines. The understanding that TRIPS supports a balanced and flexible framework for intellectual property protection and enforcement responsive to countries' broader policy agendas has thus been reinforced, as well as the notion that TRIPS and its flexibilities are part of a wider national and international action to address public health problems.

Since the Doha Declaration was adopted, important developments in the WTO and elsewhere have already had a positive impact on access to medicines in developing countries. This includes making needed medicines available – especially anti-retroviral drugs to combat HIV/AIDS – at lower prices, enhancing international funding and using TRIPS flexibilities to leverage access to medicines. These developments have important repercussions for the achievement of Target E of MDG 8 and, more broadly, they also support Target B of MDG 6, which aims to achieve universal access to treatment of HIV/AIDS.

Going beyond MDG 8

The WTO's contribution to the achievement of the MDGs goes beyond MDG 8. The WTO's activities also have an impact on MDG 7, which aims to ensure environmental sustainability and to protect biodiversity. The Agreement establishing the WTO recognizes that members' economic relations should be conducted in a way that allows "for the optimal use of the world's resources in accordance with the objective of sustainable development".

While there is no specific agreement dealing with environmental issues, WTO members are nonetheless involved in negotiations that explore the relationship between trade and the environment, assessing their mutual impact and working to enhance their supportiveness. For example, an issue that is currently being negotiated by WTO members concerns specific disciplines on fisheries subsidies, which contribute to over-fishing. A significant reduction of such subsidies would have a positive impact on preserving the shrinking fish stocks of our oceans. This outcome will support MDG 7, as will negotiations which are taking place on the trade opening of environmental goods and services, which would help to boost global trade in this area. Improving countries' ability to obtain high-quality environmental goods and to disseminate environmental technologies at lower costs would improve access to goods and technologies that can contribute to environmental protection.



WTO activities are also having a fundamental impact on MDG 1, which aims to eradicate poverty and hunger. While the relationship between open trade and growth is quite complex, it is widely recognized that the WTO's work is having an impact on achieving MDG 1

because open trade, accompanied by sound domestic and international policies, can lead to enhanced levels of growth and poverty reduction. Attaining MDG 1 will thus support countries in meeting their social objectives and in achieving all the MDGs.

Summing up

The work of the WTO is relevant to achieving a number of Millennium Development Goals, especially MDG 8, which recognizes that, for poorer countries to achieve the other MDGs, it is essential to create an enabling international environment. The WTO's contribution to creating a stable multilateral trading system is thus crucial to building a more favourable global environment for developing countries.

Since the majority of WTO members are developing countries, one of the WTO's main objectives is to ensure that they benefit equitably from international trade along with countries that are better off. A fundamental aim of the Doha Round of trade negotiations is to ensure that developing countries are provided with the trade opportunities that will enhance their growth and development prospects. A successful conclusion to the Doha Round will contribute significantly to the achievement of the MDGs.

In both the agricultural and the non-agricultural sectors, greater trade openness will provide many benefits, while the opening of services trade can provide many opportunities to developing countries. However, some developing countries, especially the least-developed countries, will need technical and financial assistance from the international community to be able to take advantage of the opportunities that a successful conclusion to the Doha Round would afford.

The Aid for Trade initiative, of which the WTO is a leading proponent, is a crucial element in implementing the gains of trade opening. Its overriding purpose is to help developing countries, especially least-developed countries, improve their productive capacities and strengthen their trade-related infrastructure. Since capacity building is

an important feature of MDG 8, it is critical that commitments to Aid for Trade are sustained and increased.

The WTO is actively promoting the attainment of Target E of MDG 8, which concerns providing access to affordable medicines on a sustainable basis in developing countries. Countries without sufficient manufacturing capacities can make effective use of compulsory licensing through the so-called "Paragraph 6 System", which gives poor countries an additional flexibility under the TRIPS Agreement to gain access to affordable essential drugs.

The activities of the WTO are also having an impact on the achievement of other MDGs, particularly MDG 1, the cross-cutting goal that strives to eliminate poverty and hunger. The WTO's work on opening trade in environmental goods also contributes to the attainment of the MDGs, as do its efforts to increase the flow of technology and innovation.

In helping to attain these goals, the WTO will continue to join forces with other international organizations and other actors to make the achievement of the MDGs a reality. Strong and harmonious cooperative efforts are needed if the Millennium Development Goals are to be achieved, and the WTO is deeply committed to supporting these efforts.

Since 2000, the international community has made progress in the achievements of MDG 8; progress has been made in the Doha Development Round; serious progress has also been made in providing Aid for Trade to poor countries. Access to medicines has improved. However, we have not reached our destination. We need to build on the progress made and ensure that, by 2015, we have achieved our goal. Ending poverty cannot wait!



Further information

For further information, see the WTO web site: www.wto.org/millenniumgoals

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MILLENNIUM DEVELOPMENT GOALS

The WTO and the Millennium Development Goals

The United Nations **Millennium Development Goals** (MDGs) are eight international development goals that all 192 members and a number of international organizations have agreed to achieve by the year 2015 to end poverty. They include reducing extreme poverty, reducing child mortality rates, fighting disease epidemics, such as HIV/AIDS, and creating a global partnership for development.

The main goal that concerns the WTO is **MDG 8**, building a global partnership for development. However, WTO activities are also relevant to other goals, such as MDG 1, whose aim is to eradicate extreme poverty and hunger. In fact, the MDGs cannot be seen in isolation: they are all interconnected.

> [Full list of Millennium Development Goals](#)

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Introduction

International trade can lead to economic growth and development, and the World Trade Organization (WTO) is very much at the forefront of efforts to make this happen for developing countries. This, in fact, is what the WTO and the Doha Round of trade negotiations are all about. The economic and developmental benefits brought about by the multilateral trading system can go a long way towards helping countries achieve the goals set out in the UN Millennium Declaration to reduce extreme poverty by the year 2015.

This section outlines [the relationship between the WTO and the United Nations Millennium Development Goals \(MDGs\)](#). It discusses how the attainment of these goals is being assisted by:

- [developing countries’ participation in the multilateral trading system](#)
- [Doha Development Round negotiations, which seek to address some of the imbalances in trade rules that have hindered developing countries’ integration into the global economy](#)
- [the Aid for Trade initiative, which aims to help developing countries increase their participation in international trade and reap the resulting benefits](#)
- [efforts to increase access to affordable medicine in developing countries](#)
- [going beyond MDG 8.](#)

Summing up



MDG 8: A Global Partnership for Development

Target A Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target B Address the special needs of the least developed countries

Target C Address the special needs of landlocked developing countries and small island developing States

Target D Deal comprehensively with the debt problems of developing countries

Target E In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target F In cooperation with the private sector, make available the benefits of new technologies, especially information and communication

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