



# Aid for Trade

## Introduction and overview

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TPSD Training*

# What is Aid for Trade

Aid for Trade (AfT) is an initiative led by the World Trade Organisation (launched at the WTO Ministerial Conference in 2005) and supported by the EU amongst other organisations.



## The 2017 EU Joint Aid for Trade Strategy

Commission Communication COM (2017) 667 of  
13 November 2017: **‘Achieving Prosperity  
through Trade and Investment. Updating the  
2007 Joint EU Strategy on Aid for Trade’**

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Council Conclusions 15573/17 of 11 December  
2017:

**‘Achieving Inclusive and Sustainable Prosperity  
through Trade and Investment. Updating the  
2007 Joint EU Strategy on Aid for Trade’**

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**Joint EU and Member States  
Updated 2017 Aid for Trade Strategy**



# The 2017 EU Joint Aid for Trade Strategy

## The renewed approach principles:

1. Reducing fragmentation, integrating development tools, increasing leverage of AfT through better informed and coordinated delivery;
2. Scaling up impact – making the most of instruments across EU external policies, in particular: the External Investment Plan, trade agreements (EPAs, FTAs, DCFTAs, etc.), trade schemes (GSP, EBA);
3. Stronger focus on **social** and **environmental** sustainability and inclusive economic growth;
4. Better, differentiated approach to countries, with increased focus on Least Developed countries (LDCs);
5. Improved monitoring and reporting



## Aid for Trade dimensions

1. 'Wider' Aid for Trade Agenda – all 6 AfT categories;
2. 'Classical' – narrower AfT called: 'Trade-Related Assistance' (TRA)

AfT dimension	AfT Categories included
<b>Total Aid for Trade (AfT)</b>	Cat 1. Trade Policy and Regulations (TPR)
	Cat 3. Trade Related Infrastructure (TRI)
	Cat 4. Building Productive Capacity (BPC)*
	Cat 5. Trade Related Adjustment (TR Adj.)
	Cat 6. Other Trade-Related Needs (EU Cat.6)
<b>Trade-Related Assistance (TRA)*</b>	Cat 1. Trade Policy and Regulations (TPR)
	Cat 2. Trade Development (TD)*
	Cat 6. Other Trade-Related Needs (EU Cat.6)

\* Cat 4 counts for all BPC activities, including those with TD marker (Cat 2).

\* Cat 2 is a subset of Cat 4 and is captured using the TD DAC marker.

\* TRA is a subset of total Aid for Trade.

# Aid for Trade categories and CRS DAC Codes

Aid for Trade Categories	CRS Codes Included
Cat 1. Trade Policy and Regulations (TPR)	33110 - Trade policy and administrative management 33120 - Trade facilitation 33130 - Regional trade agreements (RTAs) 33140 - Multilateral trade negotiations 33181 - Trade education/training
Cat 2. Trade Development (TD)	All activities in Cat. 4 with the "Trade Development Marker"
Cat 3. Trade-Related Infrastructure (TRI)	21xxx - Transport 22xxx - Communications 23xxx - Energy
Cat 4. Building Productive Capacity (BPC)	240xx - Banking and financial services 25010 - Business support services and institutions 311xx - Agriculture 312xx - Forestry 313xx - Fishing 321xx - Industry 322xx - Mineral resources and mining 323xx - Construction 33210 - Tourism
Cat 5. Trade-Related Adjustment (TR Adj.)	33150 - Trade-related adjustment
Cat 6. Other Trade-Related Needs (EU Cat.6)	Not measured by the OECD/CRS. Data collection by the EU was discontinued from 2015 commitments.

# The EU AfT Progress Report 2020

This is the third report with this expanded emphasis on the qualitative results achieved.

It has two main parts:

- The **Qualitative** section which explains what has been achieved across all the countries concerned, with many practical examples
- The **Quantitative** section which outlines in great detail the AfT contributions, broken down by individual countries; regions and types of aid



# Thank you



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# EU trade & AfT in practice: International, regional and domestic dimensions

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*1 December 2020, TPSD Training*

# The EU trade strategy



# Trade for All

- A comprehensive EU trade policy strategy (October 2015) to deliver to all citizens
  - Effective: results for today's economy
  - Responsible: based on values and sustainable development
  - Transparent: inclusive policy-making
- Strives to deliver benefits of trade to *all* EU citizens: committed to a rules-based multilateral trading system that underpins our prosperity
- Consultation on EU Trade Policy Review (June-November 2020)

# EU Trade and Investment Policy

What are its goals?

**1** **Global System** for  
fair and open trade

**Open Markets**  
to access partner  
countries

**3** Make sure  
everyone **plays  
by the rules**

Support  
**sustainable  
development** for  
developing countries  
and the environment

# Trade priorities under VdL Commission

- A level playing field for all:
  - **Review EU Trade Policy** (Consultation ended 15/11/20), reform WTO, WTO impetus on e-commerce, address unfair trade practices (strengthening EU defence and enforcement, screening FDIs), **implementation & enforcement : Chief Trade Enforcement Officer (CTEO)** {Denis Redonnet, appointed 24/07/2020}
- **Strengthening Europe's global leadership:**
  - US, China (investment agreement), **Africa (AfCFTA)**, ongoing negotiations (Australia-NZ)
- **Trade for sustainable development and climate action:**
  - **climate, environmental and labour protections (zero-tolerance approach to child labour), Carbon Border Adjustment Mechanism** (WTO compliant)
- **Making trade more transparent**

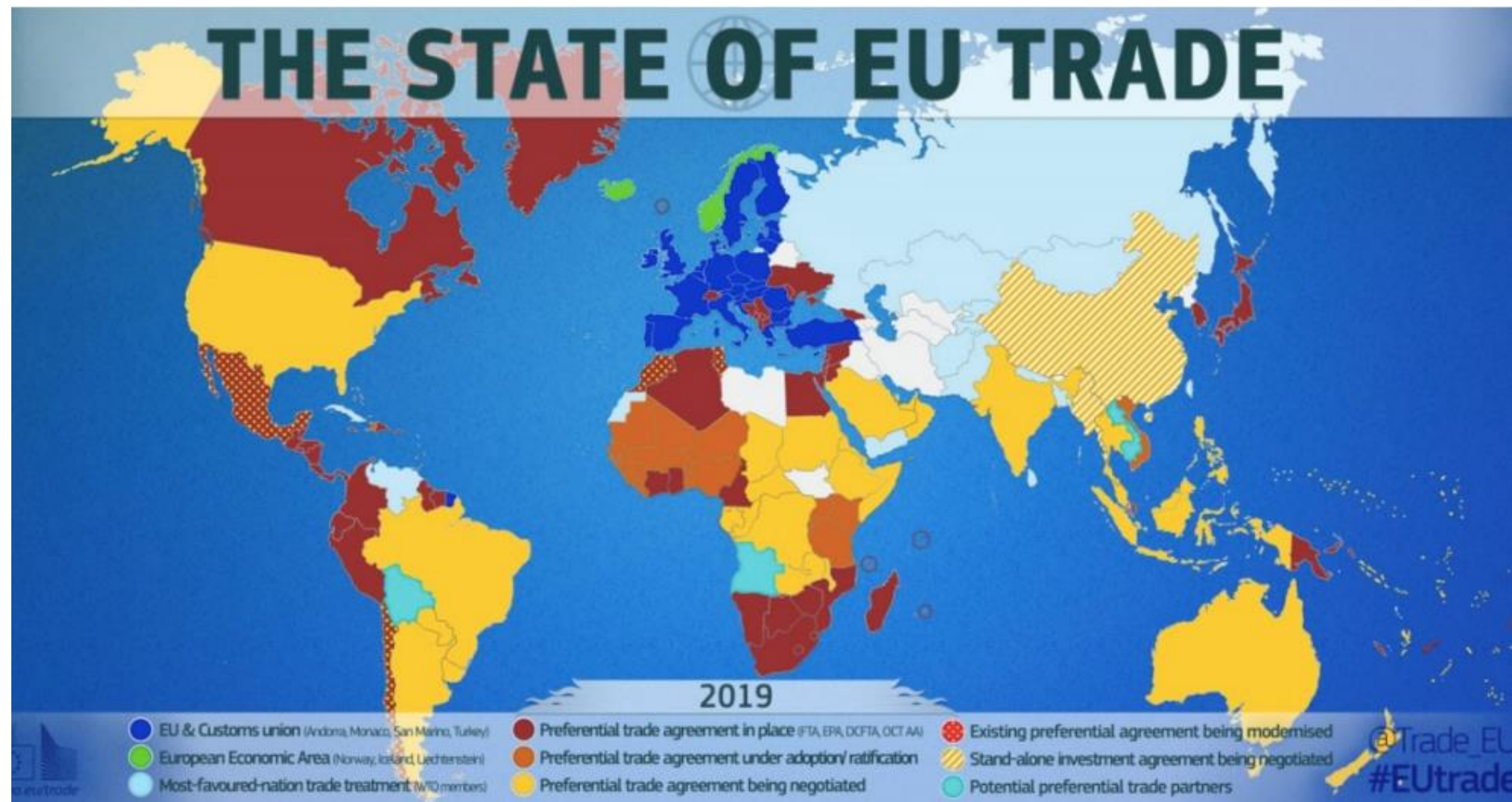
# Some of Valdis Dombrovskis' pointers

- **open strategic autonomy**: resilience of supply chains
- [Access2Markets portal](#): one-stop shop to help EU SMEs navigate the world of international trade (and a new **Single Entry Point ('SEP') for enforcement**, market access and SMEs and a new complaint system available to stakeholders)
- launch a WTO trade and climate initiative, focusing on green goods and **services**
- have a meaningful commitment from [Mercosur](#) countries on **deforestation** and on the **Paris Agreement** (needed for ratification EU FTA)
- reinforcing our economic partnership agreements with [Africa](#), building **resilient value chains** and boosting sustainable **public and private investment** in sectors of mutual interest. Our long-term objective is to achieve a continent-to-continent agreement
- On [GSP](#), we will certainly strengthen the link with sustainability, including the Paris Agreement
- have more [...] enforceable or gradually **enforceable TSD chapters** (...) explore conditioning tariffs on certain sustainability outcomes (DG Trade will conduct a comparative study of TSD chapter, also to clarify approach and methodology, and follow up by [CTEO](#))
- advance the Commission's proposal on **mandatory due diligence** already next year
- we will prepare an **EU gender action plan** for 2021-2025 for external relations, and trade will be an important component
- we are ready to continue to work on the **UN binding treaty on business and human rights**:" [...] "the **sustainable cocoa initiative**, [...] is a good model of multi-stakeholder initiatives and something we may seek to replicate also in other areas

## General context

- **Multilateralism** under pressure:
  - Rise of trade tensions (US, China; EU)
  - WTO system not delivering (DSM, 2001 Doha Round, systemic issues)
  - Rise of mercantilism (America 1<sup>st</sup>); strategic autonomy
  - Rising suspicion/dissatisfaction towards globalization
- **COVID-19**: fall of trade flows, protectionism, reshoring, localization of production, access to health/PPE products
- Global value chains: integration and disintegration
- Regional integration processes: AfCFTA, TPP, ...
- **In EU**:
  - More geostrategic EU & economic interests
  - More sustainability and 'responsible' trade
  - **Green Deal**

# Helping partner countries make the most of EU trade agreements/schemes





# EU trade regimes

- EU free trade agreements (FTAs): *reciprocal*
  - More recent FTA are more comprehensive/sophisticated
  - Trade and Sustainable Development (TSD) chapter
  - EPAs: about development (and AfT endeavours)
- Generalised system of preferences (GSP): *unilateral*
  - Standard, GSP+, EBA
- MFN WTO (= no preferences); WTO rules (e.g. TFA)



## Trade agreements

GSP, EU/partner/regional FTA  
(e.g. AfCFTA), WTO (e.g. TFA)

## Aid for Trade

## External Investment Plan and blending

- Investment, regulatory/policy, projects preparation
- Budget support
- Human capital: health, education/skills development, gender
- Private sector engagement

## Engage better with stakeholders



**Private  
sector**



**Civil  
society**



**Local  
authorities**

# Some Suggestions to tailor AfT

- Volumes up:
  - Targeting bottlenecks, incl. on connectivity (supply chains); customs (trade facilitation); standards/capacity (e.g. REX – Registered Export system)
  - Increasing the pie: bring in new investors in interesting sectors – reach out to EU industry
  - Disseminate information tools (trade helpdesk, “market analysis tools” ITC, etc.) and bring them into the country, social media
- Values up:
  - Sensitise that values and trade go hand in hand as far as EU market is concerned
  - Find ways to further increase value by values (certification, labelling, etc.)

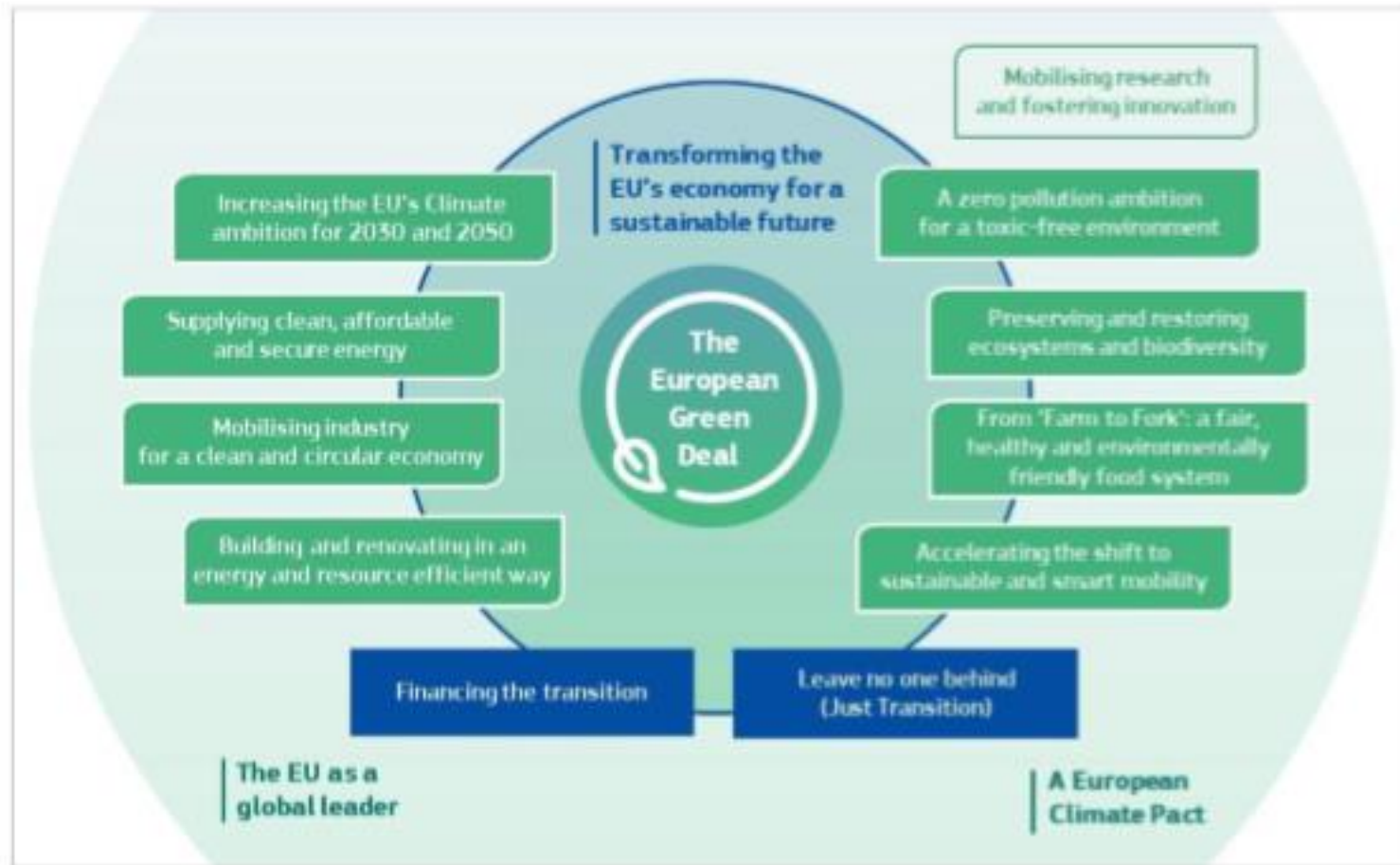
# Some Suggestions

- All the Way
  - Partnering with industry (EU and country), work together with member states
  - Explore more projects of 'mutual' interest: EU industry can help diversify economies; bring values; etc.
  - Work together with industry; (EU) chambers of commerce; EIB lending to relevant (EU) projects/feasibility (connectivity); levelling the playing field, advocate for liberalisation, etc.
  - Go local – reach out and link, also regionally (compare ASEAN FTAs)

# Trade and the **European Green Deal**



# Green Deal Actions.



***“Trade policy** can support the EU's ecological transition  
It serves as a platform to engage with trading partners  
on climate and environmental action.”*

*European Green Deal Communication*



## The European Green Deal



*“You will ensure we mainstream biodiversity priorities across  
all policy areas, notably **trade** [...]”*

*Ursula von der Leyen, Mission Letter to Frans Timmermans*

*“You will use our trade tools to support **sustainable  
development**. Every new trade agreement concluded will  
have a dedicated chapter on sustainable development.”*

*Ursula von der Leyen, Mission Letter to Phil Hogan*





# Aid for Trade and the European Green Deal

## European Green Deal:

- EU trade = “a platform to engage with trading partners on climate and environmental action”
- promote climate action, environmental sustainability, biodiversity, sustainable value chains, circular economy, farm-to-fork (F2F) sustainable food system
- stimulate green investment (public & private): energy, agriculture, production...
- facilitates trade and investment in green goods and services
- promotes climate-friendly public procurement
- enhance regulatory cooperation promote EU standards
- address harmful practices such as illegal logging /deforestation (e.g. FLEGT)
- help implement and enforce the sustainable development commitments (Chief Trade Enforcement Officer)





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## EU Spotify

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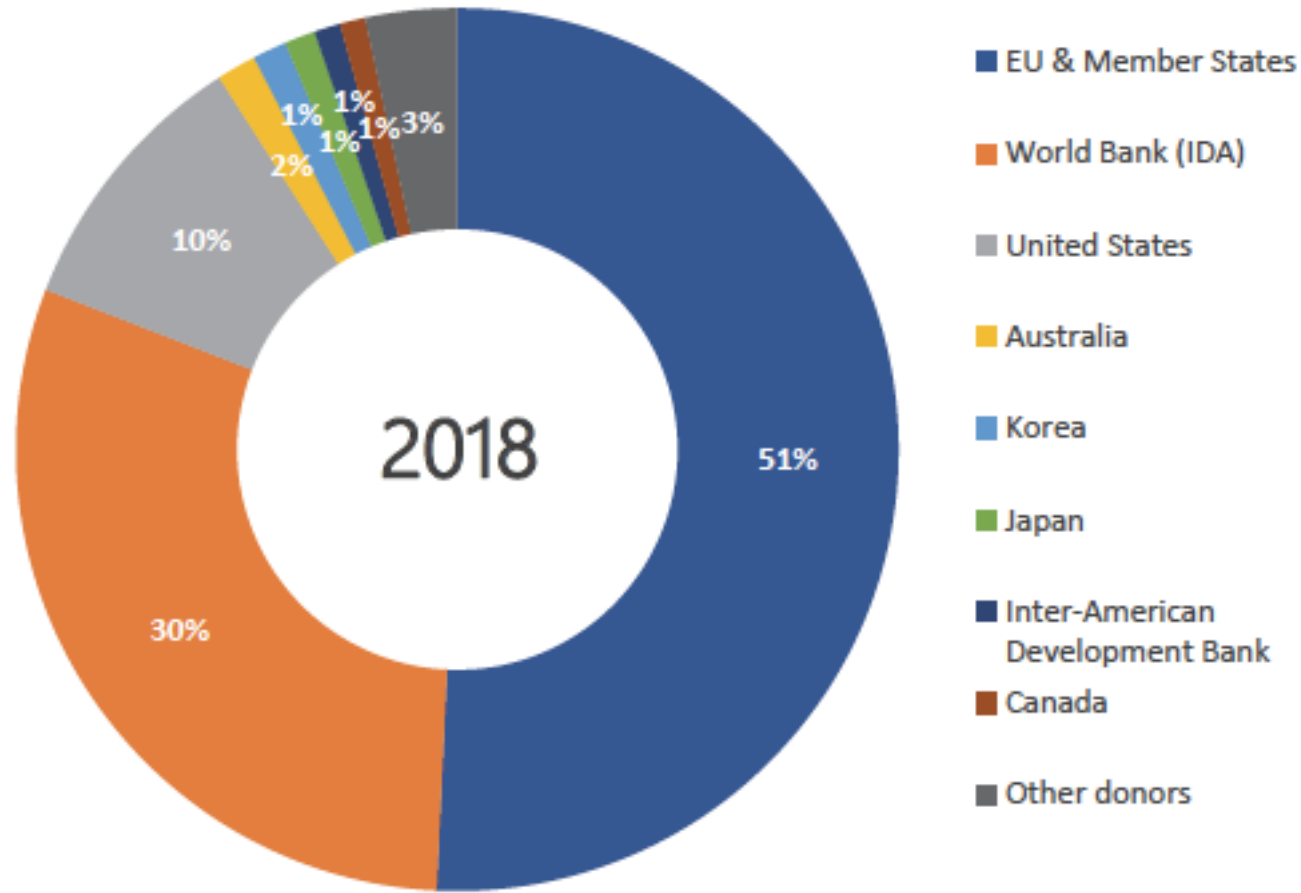
# Trade Facilitation

By Philomena Apiko

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*1 December 2020, TPSD Training*

# The EU and MS, a major donor for Trade Facilitation, at €288 million (OECD CRS)



# WTO Trade Facilitation Agreement- A game changer for EU Support

## Objectives

- Expedite movement, release & clearance of goods
- Improve cooperation between customs and other authorities
- Enhance technical assistance and build capacity

## TFA Structure

- Section I: 12 articles of technical measures
- Section II: Special and Differential Treatment (SDT)- provisions for developing countries
- Section III: Institutional arrangements and Final Provisions

# 40 measures set out in 12 Articles



**Art. 1**  
**Publication and Availability  
of Information**



**Art. 5**  
**Other measures to enhance  
impartiality, non-discrimination  
and transparency**



**Art. 9**  
**Movement of goods intended  
for import under customs  
control**



**Art. 2**  
**Opportunity to comment,  
information before entry into  
force and consultations**



**Art. 6**  
**Disciplines on fees and charges**



**Art. 10**  
**Formalities connected with  
importation, exportation and  
transit**



**Art. 3**  
**Advance Rulings**



**Art. 7**  
**Release and Clearance  
of Goods**



**Art. 11**  
**Freedom of transit**



**Art. 4**  
**Procedures for appeal or review**



**Art. 8**  
**Border Agency Cooperation**



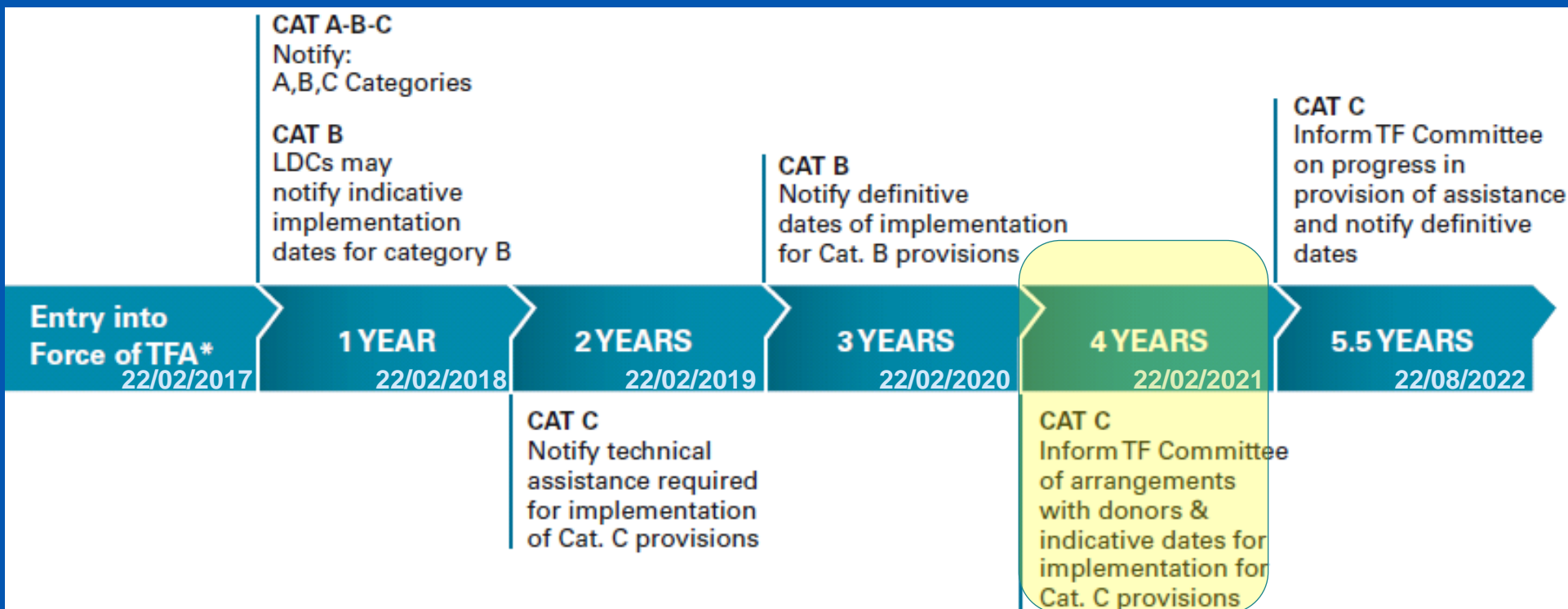
**Art. 12**  
**Customs Cooperation**

# Categorisation of each measure

Each developing country and LDC will categorise each measure into one of these 3 categories:

- Category A: at time Agreement enters into force (one year later for LDCs)
- Category B: entry into force + (X) time (only “local action” needed)
- Category C: after technical assistance and capacity building

# Notification timeframe for LDCs





# Special and Differential Treatment

- Applies only to developing countries (including LDCs)
- Gives flexibility in the implementation of obligations
- Each developing country decides when it can implement each provision
- Needs assessment, especially by LDCs is important
- Implementation of agreement linked with technical assistance and capacity building (notification as Category A, B or C)
- Donors to provide technical assistance and capacity building support

# COVID-19 and trade facilitation

- Pertinent need for trade facilitation measures to ensure movement of essential goods and services during the lockdown imposed by a number of countries.
- Accelerated reforms and renewed efforts to advance on the implementation of the TFA in areas such as exports/imports and transit procedures simplification, digitization, cooperation at the borders and between border agencies.
- Highlighted the importance of digitalisation to facilitate trade including via e-commerce (platforms, payments etc)- what is the implication for LDCs?

# Challenges

- Due to COVID-19, the mobilisation of experts has been difficult; in-person trainings and consultations were cancelled and had to be organized via virtual means and a delay of activities that cannot be organised in virtual way.
- It has proven challenging at times to agree on dates/implementation modalities of remaining activities and it will be a challenge to sequence them once the pandemic is over due to an overflow of activities of other programmes and donors that await the same moment.
- At these times of crisis, there seems to be low interest/capacity of the National Committee on Trade Facilitation (NCTF) coordinating agency (usually under Min. of Trade) to take benefits from various development partners' programmes.
- Often reported: lack of coordination between Ministries and low institutional capacity of the WTO TFA stakeholders.

# Lessons learnt

- Need for coordination between national and international development partners to better streamline support. E.g the TWFA programme has multiple sources of donor and country funding to help West African countries implement the TFA.
- Need for on information on e-commerce that can be easily accessed such as on e-commerce platforms; e-payment gateways; logistics; shipping. E.g request from SMES in the Caribbean region (under EU Regional Private Sector Development Programme for the Caribbean)
- Coordination and communication will be also needed at the time of recovery. Project components and development agencies would need to make sure that not all activities are organized at the same time (need to sequence activities).

# Suggestions for EUDs

- **Understanding the National Committee on Trade Facilitation (NCTF) dynamics:** leading authority and mandate, existence of a Secretariat, institutional strengths and weaknesses, effective functioning
- **Understanding TF donor dynamics:** leading/ traditional TF donor, donor coordination
- **EU positioning on TF:** within donor coordination, division of labour, funding sources to mobilise (MIP, RIP, etc)
- Use **DAC Code 33120** in your Action Document and in CRIS as main or secondary code

# Keep in touch



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