



Support for the Preparation, Management and Implementation of the REC Institutional Capacity Building Training Programme

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Regional Integration & Aid for Trade

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 - The EU and Aid for Trade:
- Concluding Observations



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Regional Integration: The Idea(s)

- Why integrate? (What's so bad about national borders and sovereignty?)
- Economic integration ./ . Political integration
 - (What else?)
- The case(s) for economic integration
- What are “regions”?
 - (Is an EPA a “regional trade agreement”?)



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Regional Integration & Trade

- Trade Integration and Economic Integration
 - Recalled: FTAs, Customs Unions, Monetary Unions, Common Markets
 - Trade integration and market power – business and politics
- The WTO and RTAs – Contradiction or Complementarity?
 - MFN versus (agreed) preferences
 - The rules and their rationale (GATT Art. XXIV and GATS Art. V)
 - The role of transparency



Regional Integration in the ACP

- All ACP States are members of regional integration processes – for multiple reasons
- Multiple issues and challenges – for example:
 - Political ambition versus political/economic reality (could less sometimes be more?)
 - Institutional basis often weak, with limited political will to strengthen it (Is the “European Model” the right one for ACP regions?)
 - Smallness of markets and polities
 - Limited complementarity of economies, limited inter-industry and intra-industry trade → integration less obvious
 - Overlapping regionalism → risk of conflicting trade policy needs (and Aid for Trade priorities)



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(More Specifically) Trade-Related Issues in ACP Regions

- Issues vary from region to region, but differences & similarities offer food for thought – for example:
 - Fostering economies of scale while avoiding (excessive) agglomeration: *e.g.* The East African Community No. 2
 - Overcoming the difficulties of overlapping regionalism
 - *E.g.* “Tripartite” process in Africa
 - Variable geometry and integration at varying speed (Caribbean, West Africa)
 - Trade Facilitation as a major opportunity and challenge
 - *Inter alia:* The benefits of formalizing informal trade
 - EPAs as challenges to and/or support for regional integration



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RECs as Nucleus, Centers, Conduits for Trade Development

(Apart from actual regional trade liberalisation):

- Overcoming fear, making leaps of faith: Trial and error on a smaller scale
- Pooling of resources, *e.g.*
 - Provision of public goods, *e.g.* network services infrastructure
 - Regulatory and administrative convergence and harmonization
- RECs as centers of excellence, fora for mutual exchange (best practice) and platforms for coordination and support
 - including TRA: identification of needs, formulation of projects, pooling of activities, etc.
- RECs as “keepers of the faith” in trade governance
- RECs’ inherent strength and unique role in Trade Facilitation
- Strength in numbers (not least in Geneva)



Recalled: What is Aid for Trade?

- “Aid for Trade” launched as an initiative at the WTO Ministerial in Hong Kong 2005
 - Not a new programme or a new global development fund, but a concept that groups together and conceptualizes aid related to trade in a comprehensive way (and thereby attracts additional attention and funds)
 - Monitoring (incl. Global Reviews) as a key element
- 2006 Task Force on AfT identified the following AfT categories:

Trade-Related Assistance (TRA)	Wider AfT Agenda (TRA plus)
(1) Trade policy & regulation	(3) Trade-related infrastructure
(2) Trade development	(4) Building productive capacity
(6) Other trade-related needs	(5) Trade-related adjustment



AfT as a Framework for TRA

- AfT categorization helps to link TRA activities to the broader picture and the ultimate goal: making trade work for development (holistic approach)
- AfT links TRA to supply-side challenges (infrastructure, productive capacity and adjustment needs)
 - Should provide ongoing inspiration for project design beyond categories
- AfT monitoring provides stimulation and inspiration for TRA
 - (see case studies for 3rd Global Review → www.Aid4trade.org)



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AfT Agenda: Some Key issues for the ACP (and its RECs)

- Resource Mobilization
 - RECs can help improve articulation of needs, focus donor attention, improve data collection, host projects, manage procedures, absorb TRA
- Mainstreaming
 - RECs can help link trade with wider agenda, mediate between donors and governments (priorities), foster best practice dialogue
- Monitoring and Evaluation
 - RECs can help through reporting (see AfT “Stories”), data collection etc.
- Regional Dimension
 - RECs “as such” as main players and “targets” of AfT
- Private Sector
 - RECs can facilitate regional PS organisation, provide infrastructure services, pro-business regional regulation, harmonization etc.



The EU and Aid for Trade

- EU Aid for Trade Strategy (2007) ...
 - ...plus several EU Member States' AfT strategies
- Embrace the full AfT Agenda (6 categories)
- Five Main Pillars:
 - (1) Quantitative Ambitions (esp. increase in TRA)
 - (2) Pro-poor Focus and Quality
 - (3) EU Capacity
 - (4) ACP Specific Angles (*“Building upon, fostering and supporting ACP regional integration processes with an ACP-specific angle of the Joint EU AfT Strategy”*)
 - (5) Monitoring & Reporting
- 2011 Accountability Report – Annex 6 on AfT: Progress made, but more to be done
- The bottom line: EU AfT is (largely) what we make of it!



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Discussion

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