

UNIVERSITY OF KWAZULU-NATAL
FACULTY OF LAW

**AN EVALUATION OF THE ROLE OF AID FOR TRADE IN THE REALIZATION OF
THE MILLENNIUM DEVELOPMENT GOALS: A CASE STUDY OF ZIMBABWE**

INTERNATIONAL TRADE LAW

I certify that the whole research paper, unless specifically indicated to the contrary in the text, is my own work. It is submitted as part of research component in partial fulfillment for the degree of Masters in Business Law (LLMBL) in the Faculty of Law, University of KwaZulu-Natal, 2013.

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Only passions, great passions can elevate the soul to great things.

I Praise My God who gave me strength, wisdom and grace to complete this dissertation and reach this milestone in my life and promised to walk with me yet another mile.

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DEDICATED

To both my parents who passed away Michael Nyama and Charity Muzuva-Nyama may your souls rest in internal peace. Greatly missed though!!!!

To my future family!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

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ABBREVIATIONS

ACP	Aid Coordination Policy
AfT	Aid for Trade
AIDS	Acquired Immune Deficiency Syndrome
COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
EC	Economic Community
EEC	European Economic Community
EPA	Economic Partnership Agreements
ESAP	Economic Structural Adjustment Policy
EU	European Union
EU-ACP	European Union- African Caribbean and Pacific
GATT	General Agreement on Tariffs and Trade
GPD	Global Partnership for Development
HIV	Human Immunodeficiency Virus
ITO	International Trade Organization
LTE	Long Term Evolution
MDG	Millennium Development Goal
MTS	Multilateral Trading System
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OSBP	One Stop Boarder Post
RTFP	The Regional Trade Facilitation Programme
SADC	Southern African Development Community
TPR	Trade Policy Regulation
TPR	Trade Policy Reviews
UN	United Nations
UNMDG	United Nations Millennium Development Goal
UNWTO	United Nations Tourism Organization
US	United States

USA	United States of America
US-EC	United State- Economic Community
WTO	World Trade Organization
WW	World War
ZAREP	Zimbabwe Accelerated Re-engagement Programme
ZIMPREST	Zimbabwe Programme for Economic Structural Transformation
ZUNDAF	Zimbabwe United Nations Development Assistance Framework

CHAPTER 1

1 INTRODUCTION

1.1 BACKGROUND AND RESEARCH PROBLEM

The Aid for Trade (AfT) initiative was launched at Hong Kong Ministerial Conference in December 2005.¹ The aims of the initiative may be summarized as follows: assessing and monitoring how international resources are used in an effort to alleviate problems facing developing countries, assist with the integration of developing countries into Multilateral Trading System (MTS), negotiate market access for developing countries so that their goods may reach international market without complications and helping developing countries in the realization of their Millennium Development Goals (MDG).² Thus, AfT has a goal to help developing countries to address all the obstacles that impede development.

In spite of all these expectations and aims developing countries have not been benefiting according to their expectations.³ Developing countries are still faced with many constraints like poor infrastructure and high transport costs which AfT is failing to solve in order for developing countries to benefit from international trade.⁴ Tariff and non-tariff conditions were implemented as measures to improve market access for developing countries but developing countries are still struggling to reach international markets.⁵ It is also uncertain whether AfT, by implementing these market access measures, was effective in achieving the desired objectives.

On the other hand it can be noted that AfT is an essential tool that can enhance development and increase international trade participation for developing countries so that they achieve their MDG8 only if properly managed. Developing countries needs more than market access to

¹ World Trade Organization available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm accessed on 29 March 2013.

² Ibid.

³ A regional approach to Aid for Trade: The Regional Trade Facilitation Programme (RTTP) Case Study ODI (2009) available at www.odi.org.uk/resources/docs/5944.pdf accessed on 21 June 2013 pg 6.

⁴ Ibid 6.

⁵ WTO (note I above)

enhance their economic growth since Mandelson et al⁶ has stated, “market access without AfT is like putting a plate of food in front of a man while withholding the knife and fork.” Thus this thesis will critically evaluate the role for AfT in the realization of the MDG8 and assisting with the integration of developing of countries into MTS.

1.2 PRELIMINARY LITERATURE AND REASONS FOR CHOOSING THE TOPIC

The rationale behind this topic is to assess/evaluate the role of the AfT in developing a Global Partnership for Development (GPD)⁷ by:

- “- Developing an open, rule based, predictable, non-discriminatory trading and financial system.
- Addressing the special needs to the least developed countries
- Deal comprehensively with the debt problems of developing countries.
- Cooperating with pharmaceutical companies to provide access to affordable essential drugs in developing countries.
- Cooperating with the private sector, making available the benefits of new technologies, especially information and communication.”

The participants in the Doha Round realized that in order for market access and trade policy to be effective there was need to compliment them with measures that assist developing countries exports which is AfT.⁸ This precipitated the launch of the AfT Initiative in 2005.⁹ Since that initiative was launched, there has been a growth of about 60 per cent in commitments made by donors, and now it is at US\$40 billion.¹⁰ However, the question to be answered is, do these numbers reflect a success story of AfT by honoring the self set goals which include integrating

⁶ P Mandelson et al ‘ Europe’s Aid for Trade pledge’ available at http://trade.ec.europa.eu/doclib/docs/2007/october/tradoc_136451.pdf, accessed on 12 March 2013.

⁷ MILLENNIUM DEVELOPMENT GOALS; A global partnership available at http://www.wto.org/english/thewto_e/coher_e/mdg_e/mdg_e.pdf accessed on 29 March 2013

⁸ B Hoekman & A Nicta (2010) Assessing the Doha Round: market access, transaction costs and aid for trade facilitation; The Journal of International Trade & Economic Development: A n international Trade & Economic Development: An International and Comperative Reviews, 19.1, 65,67.

⁹ WTO (note 1 above).

¹⁰ Debate: ‘The Effectiveness of Aid for Trade’ 16/01/2012 available at http://www.wto.org/english/res_e/webcas_e/webcas_grid_e.htm?video_type=subject&bookmark=aid accessed on 29 March 2013.

developing countries into the MTS? Also, the available literature has failed to give clear evidence on whether AfT has met the real needs of developing countries in order for them to achieve their MDG8.

Zimbabwean and non-Zimbabwean citizens using the Beitbridge Border Post have encountered some problems each and every time they exit and enter South Africa through that border. The delays that people do experience at the Beitbridge Border Post are not justified in any way. Research that has been done thus far shows that African countries suffer from the highest average customs delays in the world – “12.1 days compared with 7.2 days in Latin America, 5.5 days in Asia and 3.9 days in Western Europe.”¹¹ The thesis will assess the role that AfT has played in an effort to alleviate Zimbabwe’s supply-side constraints and trade related bottlenecks in order for the country to fully participate in the international markets and realize its MDG8.

Academics like Laird¹² agree that “[AfT] is making a useful contribution to achieving the MDGs, in particular under Goal 8.” However the research will critically evaluate the legal reasoning of some academics like Laird on the effectiveness of AfT, by assessing whether this is true and if it is true, to what extent?

Hoekman and Nicita¹³ are some of the authors who unpacked the issues that were discussed in the Doha Round like trade facilitation and AfT. Also they highlighted that tariff are still an obstacle which needs to be address and Doha Round did nothing to lessen the obstacle, thus there is need to introduce trade facilitation and AfT so as to compliment market access.¹⁴ These are some of the issues that will be unpacked in order to evaluate how developing country’s ability to exploit trade opportunities has been enhanced by AfT.

Rules relating to the criteria and eligibility that are used to allocate funds to developing countries are not clear. There is also uncertainty as to whether those countries that are in need of trade or

¹¹ Regional Agricultural Trade for Economic Development and Food Security in Sub-Saharan Africa available at <http://www2.gtz.de/dokumente/bib-2010/gtz2010-0087en-agricultural-trade-sub-saharan-africa.pdf> accessed on 30 March 2013.

¹² S Laird ‘Aid for Trade: Cool Aid or Kool Aid?’ G-24 Discussion Paper No. 48 November 2009 available at unctad.org/en/docs/gdsmdpb2420076_en.pdf accessed on 21 June 2013 pg 20.

¹³ Hoekman & Nicita (note 8 above).

¹⁴ Ibid.

those with best facilities to promote trade, should receive more funds.¹⁵ It is also unclear as to what happens in the case where funds for AfT are diverted from their intended purpose.

The World Trade Organization (WTO) Trade Policy Reviews (TPRs) are used as means to achieve transparency and understanding of trade policies and practices of member countries as well as examining them.¹⁶ Zimbabwe has had only one review in 1994 and unfortunately the report cannot be located.¹⁷ Such gaps makes it peremptory to assess the role of AfT in developing countries with special reference to Zimbabwe and propose some recommendations on the direction that the country should take in its future trade endeavors.

The reviewed literature has deficiency in showing how Zimbabwe has benefited from AfT. It is hoped that this research in particular will be of paramount importance in giving a valid conclusion on the role of AfT in helping developing countries in participating in international trade and realizing the MDG8. More so, it will help the government of Zimbabwe, the civil society, national, regional and international community to formulate policies that will help Zimbabwe as one of the developing countries to reap the full benefits for AfT by fully participating in international markets.

1.3 LITERATURE REVIEW

A lot has been written on WTO, however there is little or no literature written by well-known or worldwide authors on the AfT initiatives. What is available on the subject are working papers, reports, published and unpublished thesis and discussion papers. One of the authors who have written something about the initiatives from the Doha Round AfT is Hoekman.

Hoekman states that the negotiators need to take into account the needs and interest of

¹⁵ A Wiig 'Aid for Trade: A misdirected Initiative' Working Paper No. 4 2009 available at [www.cmi.no](http://www.cmi.no/publications/CMI_Working_Papers)
> Publications > CMI Working Papers accessed on 19 June 2013, pg 17.

¹⁶ J.T Hurungo 'Trade Policy Review: Zimbabwe' (2010) Stellenbosch: tralac available at http://www.tralac.org/wp-content/blogs.dir/12/files/2011/uploads/Hurungo_Final_20110126_edu.pdf accessed on 30 March 2013, pg 7.

¹⁷ Ibid 7.

developing countries before providing them with AfT to ensure desired progress.¹⁸ Hoekman¹⁹ states that;

“The comparative advantage of the WTO in the aid-for-trade context is to act as a focal point for the trade related capacity building agenda – providing ‘space’ and a mandate for trade interests in developing country members to defend trade projects as priorities for national action and support by donors and international agencies.”

In his other piece of literature he identified four options that can enhance multilateral AfT Initiatives. These options include, improving market access for least developed countries and creating a mechanism to identify good practices for domestic in domestic regulation of services markets and other behind the boarder obstacles.²⁰ It can be submitted that Hoekman did not give a comprehensive analysis as to what extend AfT Initiative has helped developing countries to fully participate in international trade and benefit there of.

Cai is also one of the academics that wrote some literature on the success of AfT. He views WTO as the facilitator of AfT rather than a distributor and he stress the point that WTO does not even wish to become the distributor of the funds.²¹ Thus, WTO can deliver this duty by making sure that aid gets where it is needed most thus this role of providing more and better AfT may be achieved through advocacy and assessment. Cai believes that if aid is managed well it can reduce poverty in developing countries.²² However, the author has failed to give a detailed account on the progress that AfT has made so far since its launch at the Doha Round in helping developing countries realize their MDG8.

The WTO established a monitoring body which carries out global reviews after every two years. The first one was held in 2007 and these global reviews are aimed at mapping the way forward in terms of what should happen and what needs to be done to improve WTO monitoring and

¹⁸ B Hoekman & A Matto ‘Regulatory Cooperation, Aid for Trade and the GATS’ Pacific Economic Review (2007) 12 Issue 4 399-418 available at http://econpapers.repec.org/article/blapacecr/v_3a12_3ay_3a2007_3ai_3a4_3ap_3a399-418.htm accessed on 30 March 2013, pg 409.

¹⁹ Ibid 417.

²⁰ B Hoekman & J S Wilson ‘Aid for Trade: An Action Agenda Looking Forward’ August 2010 No 25 available at <http://siteresources.worldbank.org/INTPREMNET/Resources/EP25.pdf> accessed on 29 April 2013, pg 1.

²¹ P.X.F Cai ‘Aid for Trade: a Roadmap for success’ (2008) 36:3/4 *Denv.J.Int’l L & Pol’y* 283, 291.

²² Ibid 304.

evaluation.²³ Since the AfT initiative was launched the international community has witnessed four global reviews of which the last one was held in 2013 under the theme ‘Connecting to Value Chains’. These global reviews has been instrumental in evaluating what the AfT initiatives has done thus far in trying to achieve the self set goals. These global reviews will be analyzed in great detail later in effort to try and assess the achievements of AfT thus far.

1.4 RESEARCH PROBLEMS AND OBJECTIVES: KEY QUESTIONS TO BE ANSWERED

In doing justice to the chosen topic this paper will answer the following questions:

- How do developing countries fit into the MTS?
- Whether AfT has assisted developing countries in the following respect
 - Integrating developing countries into the MTS
 - Whether developing countries have succeeded in achieving their MDG8 with the help of AfT?
 - Successfully facilitate the mobilization of international resources to address developing countries needs and developing a GPD
 - Establish market access for developing countries
 - Helped developing countries in increasing their participation in international trade and reap the resulting benefits
- Why countries like Zimbabwe joined AfT and whether it has benefited from such a programme thus far?
- This paper will propose some recommendations on how AfT can produce the intended results in the developing countries focusing more on Zimbabwe. Recommendation such as

²³ WTO (note 1 above).

introducing computerized custom services at its borders. Research in Ghana has shown that, computerized custom services on cross- border taxes and rules and regulations not only increased revenue collected by government by 35% because of reduced corruption, but also reduced incidents of abuse and sexual harassment.²⁴

1.5 PRINCIPLE THEORIES UPON WHICH THE RESEARCH WILL BE CONSTRUCTED (RESEARCH DESIGN)

In this research a political economy approach and legal approach will be assumed which explains trade in terms of production, distribution and consumption of goods and services and their effective management in a country or a government system.²⁵

The research will also involve critical legal research whereby existing legal theories or norms or ideas of established writers in the area pertaining to International Trade Law will be discussed and analyzed.

1.6 RESEARCH METHODOLOGY

The study will be limited to desktop research using primary and secondary sources. It is based solely on available published literature, programmes and project documentation.

These methodologies will answer the above posed research questions. The questions will be answered by looking at the history of the MTS from General Agreement on Tariffs and Trade (GATT) to WTO. There is a lot of literature, which includes reports, working papers, discussion papers, articles, and relevant legal submissions that have been written to give a comprehensive account of the history and development of the MTS, in order to assess whether developing countries have benefited from the MTS thus far.

At the crust of answering the posed research question an assessment will be done focusing more on what WTO was established to achieve and whether it has achieved that thus far. Reviewing

²⁴ RTTP (note 3 above; 10).

²⁵ Political Economy Theory available at <http://www.economywatch.com/political-economy/political-economy-theory.html> accessed on 31 March 2013.

the available academic writings which include reports, discussion papers and articles, will be the tool used in answering some of the posed questions. Thus, legal literature as well as academic reviews will be used to provide a practical insight into whether AfT has been able to deliver up to the expectation of the developing countries.

For contextual analysis resources from WTO, OECD²⁶ and Tralac among other websites will be used. The nature of this study is descriptive in nature with extensive literature review of the available literature. The analysis is aimed at assessing the role that AfT has played in helping developing countries achieve their MDG 8.

1.7 STRUCTURE OF THE DISSERTATION

Chapter one will focus on the background and the research problems as well as reason for choosing the topic. Chapter two will define what is the MTS, traces the history of the MTS, why GATT changed to WTO and finally assess how developing countries fit into the MTS. Chapter three will critical evaluate; firstly, whether AfT has so far assisted with the integration of developing countries into MTS? Secondly, whether developing countries have succeeded in achieving their MDG8 with the help of AfT? Thirdly, whether AfT has been successful in facilitating the mobilization of international resources to address developing countries needs and developing a GPD? Finally, whether AfT has been able to establish market access for developing countries? Chapter four will critically evaluate why countries like Zimbabwe joined AfT and whether it has benefited from such a programme thus far? Chapter five will propose some recommendations.

²⁶ Organization for Economic Co-operation and Development.

CHAPTER 2

2 BACKGROUND TO THE MULTILATERAL TRADING SYSTEM

2.1 INTRODUCTION

International trade relations have been in existence for many years and the extent of its worth has increased through the years. A well-recognized MTS came into effect in 1947 when GATT came into existence.²⁷ The formation of GATT was hailed as an important step forward after the failure of the formation of the International Trade Organization (ITO). Despite the non-establishment of this organization, the international communities were still able to draft the GATT document, which would become the core of the international trade legal framework, with GATT era witnessing eight rounds of MTS. The last, the Uruguay Round (1986–94), culminated in the establishment of WTO on January 1, 1995.²⁸

Despite the fact that, international trade has been in existence for such a long time, there are still some concerns as to whether all the participants in international community have been given an equal chance to fully participate. The specific questions that will be at the center in this chapter are, what actually MTS is, why there was a need to change from GATT to WTO and, lastly, how developing countries fit into the MTS. Thus, the chapter will firstly focus on the background of the MTS in order to trace its history. Secondly, it will provide a detailed discussion of one of the problem areas in GATT/WTO, namely, market access for developing countries.

2.2 HISTORICAL BACKGROUND

The outbreak of the 1st and 2nd World War (WW) resulted in serious political and economic unrest and instability among the European countries, which posed a serious threat to the world

²⁷ WTO (note 1 above).

²⁸ E G Jones & C A P Braga ‘The Multilateral Trading System: Mid-Flight Turbulence or Systems Failure?’ in R Newfarmer (ed) *Trade, Doha, and Development A Window into the Issues* (2006) 27, 28.

economy thereby disturbing trading relations between countries.²⁹ Thus, there was a need to form an organization or institution with well-defined rules which would ensure equality and uniformity among countries.³⁰ This is so, because developed countries might have used the opportunity to take advantage of the weaker trading capacity of developing countries, which would result in unjustified enrichment. Thus, the absence of such an organization, which would regulate trading relation between countries, posed serious threats to the world economy.

In an effort to alleviate the problems that the world was facing in terms of trade relations the powerful countries tried to establish an ITO which however did not come into existence, as the Havana Charter failed to materialize.³¹ This failure might be attributed to the fact that the developed countries negotiated terms that were more favorable to them and did not accommodate the interests of the developing countries, resulting in conflicts.³² This had the problematic effect of leaving developing countries more vulnerable to ill treatment by the developed countries as there was no institution to govern and promote post-war economic reconstruction.

The above-mentioned Charter³³ dealt with issues relating to, “employment and economic activity, economic development and reconstruction, trade policy, restrictive trade practices, intergovernmental commodity agreements and the establishment of the ITO.” It will be seen that some of these provisions were later included in GATT and then in the provisions of WTO for example, the provisions on trade policy. However, the organizations that were formed prior to GATT in an effort to deal with post-war economic problems did not constitute MTS. The reason for this is that dominant countries, which were not eager to take into account the contributions of their counter-parts, the weaker countries, had largely negotiated these institutions.³⁴ This might also be the reason why the Charter was rejected by many developing countries. So the institutions ended up taking the form of a bilateral trading system and not MTS.

²⁹ R M Stem ‘The Multilateral Trading System’ Discussion Paper No. 569 2 April 2007 available at www.fordschool.umich.edu/rsie/workingpapers/Papers551.../r569.pdf accessed on 21 April 2013, pg 3.

³⁰ Ibid 3.

³¹ O Long *Law and its Limitations in the GATT Multilateral Trade System* (1985) 1.

³² Stem (note 29 above; 3)

³³ Long (note 31 above; 1).

³⁴ M Virally, in ‘Aspects of International economique’ SFDI Paris Pedone (1972) 172.

However, after the 1st and 2nd WW, the United States (US) established a multilateral framework which dealt with among other things international monetary.³⁵ The ideas of non-discrimination and reciprocity again became central to the global arrangements for trade but now they were formally embodied in a multilateral agreement, GATT.³⁶ Even though the Charter failed to become a recognized trade institution its vision, dreams and aspirations were not destroyed as the negotiated trade rules took effect on 1 January 1947 when the MTS came into effect.³⁷

2.3 GENERAL AGREEMENT ON TARIFF AND TRADE

GATT came into effect as a result of failure by stronger countries like the United States to ratify the Havana charter.³⁸ As a MTS, it focused on tariff reduction, facilitating and regulating trade so as to afford protection to the weaker countries.³⁹ It was also a legal framework for the conduct of trade relations between countries, a forum for trade negotiations and for the adaptation of its legal framework and an organ for conciliation and dispute settlement.⁴⁰

The role of GATT under Article XIV was to promote the re-establishment of world trade and encourage non-discrimination in order to ensure equal market access and reciprocity in trade concessions.⁴¹ Among other things GATT members encouraged the principles of stability, transparency and promotion of progressive trade liberalization.⁴² Thus, GATT founding members were determined to establish an institution that would harmonize and restore trade relations between developing and developed states. They also aimed at establishing a MTS where all countries regardless of their status would reap the benefits of international trade. Consequently, the formation of GATT has been viewed as a great achievement in the international world of trade and one that most developing and developed countries had not

³⁵ Stem (note 29 above; 4).

³⁶ Ibid 4.

³⁷ General Agreement on Tariff and Trade available at http://www.wto.org/english/thewto_e/minist_e/min98_e/slide_e/slide_list.htm accessed on 14 April 2013.

³⁸ T N Srinivasan *Developing Countries and the Multilateral Trading System* (1999).

³⁹ GATT (note 37 above).

⁴⁰ Long (note 31 above; 5).

⁴¹ Ibid 5.

⁴² Ibid 5.

anticipated after the upheaval in the world of economics.⁴³ The impact of 1st and 2nd WW left most countries with uncertainty about what the future would be like for them in terms of multilateral trading. This inspired the negotiators to advocate for multilateral as opposed to bilateral trading agreements, as the latter were considered to be slow and limited in scope.⁴⁴ This view of multilateral trade agreements is evidenced in the rounds negotiation discussed below.

2.3.1 Rounds of Trade negotiations

As has been pointed earlier out, the MTS was a key means of ensuring, for example, harmonization and compliance with trade regimes. The Geneva Tariff Conference of 1947 is seen to the first round of GATT; it was aimed at tariff negotiations between the participants in the Preparatory Committee of the United Nations Conference on Trade and Employment.⁴⁵ Thus, for the first time tariff negotiations were conducted multilaterally. Negotiations were conducted under the principal supplier rule, which means that, “the granting of a concession only had to be considered if the country supplying the largest part of the product made a request for a tariff reduction”⁴⁶ The first round of multilateral trade negotiation in action was witnessed and there were more yet to come. One of the achievements of the first round was the reduction of 45,000 in participants’ customs duty covering 20% of World Trade.⁴⁷

The second round was the Annency France of 1949.⁴⁸ Thirteen countries participated in the round, focusing on the tariff reduction.⁴⁹ This round of multilateral trading negotiations was aimed at facilitating accession to GATT by ten countries, which had not participated in the first

⁴³ K W Dam *The GAAT Law and International Economic Organization* 1ed (1970) 10.

⁴⁴ Ibid 61.

⁴⁵ The World Trade Review available at <http://worldtradereview.com/webpage.asp?wID=432> accessed on 14 April 2013.

⁴⁶ Ibid.

⁴⁷ The Geography of Transport Systems available at http://people.hofstra.edu/geotrans/eng/ch5en/conc5en/tbl_gattrounds.html accessed on 14 April 2012.

⁴⁸ MDG (note 7 above).

⁴⁹ General Agreement on Tariff and Trade available at http://www.princeton.edu/~achaney/tmve/wiki100k/docs/General_Agreement_on_Tariffs_and_Trade.html accessed on 14 April 2013.

round of negotiations.⁵⁰ So it can be noted that some countries become interested and decided to join the MTS. The next round of multilateral trading negotiations was held in Torquay, United Kingdom, from September 1950 to April 1951.⁵¹ The third round, like its predecessors, focused on tariff reduction and 38 countries participated in the negotiations.⁵² The original contracting parties negotiated also.⁵³ The highlights of the third round was the “8,700 tariff concessions were made totaling the remaining amount of tariffs to $\frac{3}{4}$ of the tariffs which were in effect in 1948”⁵⁴ and more countries also decided to join the MTS.

The fourth round of negotiations was the Geneva Round, which was held in 1955 and lasted till May 1956.⁵⁵ Twenty-six countries participated and there was a significant reduction and elimination of tariff.⁵⁶ This round has been described as, “minor in dimensions mainly because of congressional limitation of the US negotiating authority.”⁵⁷

The following two rounds were named after people who played an important role in the negotiations rather than as in the first four rounds, which were named after the places where the negotiations took place. Thus, the fifth round was “named after U.S. Treasury Secretary and former Under Secretary of State, Douglas Dillon, who first proposed the talks.”⁵⁸ Many countries participated, 26 in total and there was a further reduction of tariff and “it marked the beginning of the European Economic Community (EEC) talks.”⁵⁹ The Kennedy Round (1964-1967) was named after the US president who had died the previous year. GATT trade rounds were taking a long time and becoming more complicated. In this round, about 60 countries participated in the negotiations and 66 nations attended the opening ceremony.⁶⁰ The Kennedy Round made a great achievement in the further reduction in bilateral tariffs and negotiation rules

⁵⁰ World Trade Review available at <http://worldtradereview.com/webpage.asp?wID=433> accessed on 15 April 2013.

⁵¹ The World Trade Review (note 45 above).

⁵² GATT (note 37 above).

⁵³ Dam (note 43 above; 56).

⁵⁴ GATT (note 49 above).

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Dam (note 43 above; 56).

⁵⁸ GATT (note 49 above).

⁵⁹ Ibid.

⁶⁰ GATT (note 37 above).

were also established.⁶¹ These six rounds resulted in tariff reduction that might have shocked most economists and even the founders of the ITO.

The Tokyo Round was the seventh round of trade negotiation. It took place from 1973 to 1979 and 102 countries participated in the negotiations.⁶² This round took a broader look at the trade rules than its predecessors⁶³ resulting in the reduction in bilateral tariffs. Procedures on dispute resolution were established as well as dumping and licensing rules. In addition, series of agreements were reached on various non-tariff barriers, though not all participants signed them.⁶⁴

The Uruguay Round (1986-1993) marked the eighth round of the multilateral trading negotiations, which was hosted by a developing country.⁶⁵ Developing countries were eager to take an active role during the negotiations.⁶⁶ The Uruguay Round, the last of GATT rounds, turned out to be the longest and most complicated as it took seven and a half years to complete, and it led to the most fundamental reform of world trade rules since GATT itself was created in 1948.⁶⁷ There was additional tariff reduction though it was a stalemate for agriculture tariffs.⁶⁸ The Uruguay Round marked the beginning of the participation of developing countries in the multilateral trading negotiations.

The Uruguay Round led to the formation of WTO, which superseded GATT.⁶⁹ However, the decision to form WTO was received with mixed feelings as it generated much controversy as Whalley⁷⁰ states that,

“concerns about national sovereignty in the United States, India and elsewhere to concerns about whether WTO could integrate disciplines on goods and services and

⁶¹ The Geography of Transport Systems (note 47 above).

⁶² GATT (note 37 above).

⁶³ Ibid.

⁶⁴ The Geography of Transport Systems (note 47 above).

⁶⁵ GATT (note 37 above).

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ The Geography of Transport Systems (note 47 above).

⁶⁹ J Whalley ‘Developing countries and system strengthening in the Uruguay Round’ in W Martin & L A Winters (ed) *The Uruguay Round and the Developing countries* (1996) 409,425.

⁷⁰ Ibid 425.

intellectual property, given the possibility of cross retaliation with the new dispute settlements procedure agreed to under the Uruguay Round.”

Different countries preferred to take a back seat than to follow the proposal of other countries because they were not sure of where they were heading, judging by the economic crisis that they had experienced before. Despite all these concerns, member countries were expected to accept and implement the outcomes of the Uruguay Round as a whole as opposed to previous rounds where countries were allowed to accede to some codes and reject others.⁷¹ Not giving member countries the choice of accepting some reforms and rejecting others was done to create uniformity and avoid conflict. This was one of the top achievements of the Uruguay Round, as the negotiators wanted to make the WTO a MTS where all countries fully integrate and implement all the agreed codes.

Although the GATT was a well-established institution there was a need to replace it with a world-wide regulating body which led to the formation of the WTO.⁷² GATT showed some weakness in the fact that firstly its rules applied to trade only in merchandise goods yet WTO now covers trade in services and trade related aspects, secondly even though GATT was a MTS during its existence the economic world witnessed new agreements of a plurilateral yet with WTO most of the agreements are almost all multilateral and requires total commitments of the entire membership, thirdly the dispute resolution committee of the WTO is more fast as compared to the GATT.⁷³ Because of these and other reason “ a draft for the new international trade body, the WTO, was drafted and formally approved at the Ministerial Conference held in the ancient trade center of Marrakesh in July of 1994, under the terms of the so-called “Final Act” signed there, the GATT was replaced by the WTO on January 1995.”⁷⁴ Some of the functions of the WTO include facilitating the implementation, administration and operation and further its objectives, provide a forum for negotiations, act as a forum for dispute resolution and

⁷¹ Ibid 425.

⁷² The World Trade Organization (WTO)- creation available at <http://www.nationsencyclopedia.com/United-Nations-Related-Agencies/The-World-Trade-Organization-WTO-CREATION.html> accessed on 04 March 2014

⁷³ Ibid.

⁷⁴ Ibid.

administer trade policy review mechanism.⁷⁵ The objectives of WTO on the other hand include promoting world trade in a manner that will benefit all member countries.⁷⁶

2.3.2 Market access under GATT

Market access, health and sanitary regulations were regulated by GATT, which was later transformed into WTO. Health and sanitary regulations apply to imported as well as domestically produced goods so as to protect the well being of consumers.⁷⁷ However, some countries tend to abuse these health and sanitary regulations, making it difficult for other countries to benefit from international trade. The abuse has been an ongoing problem, which GATT did not to rectify; in addition traders affected by sanitary regulations are sometimes loath to make a public complaint.⁷⁸ This may be due to lack of evidence and resources to launch the claim.

Despite all these problems, developing countries soon started to voice their concern about the challenges they were facing in international trade.⁷⁹ Michalopoulos⁸⁰ indicate that developing countries made requests for changes to be made to the MTS in four main areas, which are as follows:

- “- improved market access for development country exports of manufacturers to develop markets in order to overcome the disadvantages they are faced with when attempting to break into these markets;
- non-reciprocity or less than full reciprocity in trade relations between developing countries and developed countries in order to permit developing countries to maintain protective measures that were deemed necessary to promote development for the same reason;
- flexibility in the application by developing-country members of GATT; and later

⁷⁵ WTO (note 1 above)

⁷⁶ What are the functions and objectives of WTO available at <http://www.preservearticles.com/201012291900/functions-and-objectives-of-wto.html> accessed on 04 March 2014.

⁷⁷ Dam (note 43 above; 192).

⁷⁸ Ibid 193.

⁷⁹ C Michalopoulos *Developing Countries in the WTO* 1 ed (2001) 23.

⁸⁰ Ibid 24.

- WTO disciplines and stabilization of the world commodity markets”

GATT can be described as MTS since it manages to integrate different countries so that they do participate in the negotiations. However, Long⁸¹ disputed this claim urging “GATT cannot be described as an international trade system or MTS or universal system in the absence from its membership of some important countries with centrally-planned economies.” These countries include South Arabia, North Korea, Burma and Belarus. This is one of the major reasons that led to the formation of WTO. Thus, the formation of WTO was not as a result of the failures of GATT but rather because the negotiators were trying to keep pace with the ever-changing pace of international trade.

2.4 WORLD TRADE ORGANIZATION

In 1995 the WTO was born as the successor of GATT.⁸² The WTO like GATT was set up to promote world trade and to remove trade barriers between countries so as to raise living standards.⁸³ The founding principles of WTO include non-discrimination, transparency and predictability in the conduct of trade policy.⁸⁴ WTO⁸⁵ pursues these principles by,

“[A]dministering trade agreements, acting as a forum for trade negotiations, settling trade disputes, reviewing national trade policies, assisting developing countries in trade policy issues through technical assistance and training programmes and cooperating with other international organizations.”

One distinct feature is the fact that all member countries participate in decision-making as the organization was born out of negotiations according to Article IX of the Marrakesh Agreement Establishing the WTO. Thus, WTO is one of the biggest MTS where all countries, regardless of economic status, meet and negotiate issues that improve trade relations between them. Member countries are expected to sign documents providing ground rules and these are binding contracts

⁸¹ Long (note 31 above; 6).

⁸² Aid for Trade at a Glance 2009: Maintaining Momentum available at http://www.wto.org/english/res_e/booksp_e/aid4trade09_e.pdf accessed on 7 April 2013, pg 2.

⁸³ A Subramanian & S Wei ‘The WTO promotes Trade, strongly but unevenly’ (2007) 72 *J IntE* 151,175.

⁸⁴ Aid for Trade at a Glance 2009: Maintaining Momentum (note 82 above; 2).

⁸⁵ Ibid 2.

which member countries are expected to honor fully.⁸⁶

The formation of WTO was a great achievement. Whalley⁸⁷ likens the status of WTO to that of World Bank and International Monetary Fund. Therefore, it should be noted that WTO received a status, which was not afforded to GATT. Moreover, WTO established a monitoring body to ensure that agreements were fully implemented.⁸⁸ Thus, the establishment of WTO raised hopes for countries that had not benefited economically under the stewardship of GATT and it is still debatable whether these hopes were fulfilled or not.

2.4.1 Membership to the WTO

Membership to WTO is afforded to any state or territory custom which has full autonomy.⁸⁹ Countries that were not members when WTO was formed may join WTO through accession.⁹⁰ Thus, WTO, like other international instruments accommodates all countries even those that were not present during the formation of the institution, as long as the country follows all the prescribed procedures: many of the member counties have joined WTO through negotiations. Being a member of WTO entails a balance between rights and obligations, as every member country is supposed to open its market and abide by all the rules.⁹¹

Most countries have joined WTO for political, economic or social reasons; they seek to further integrate themselves into the international markets and “attract more foreign direct commitment to joining the international community of market based economies investment and to use the membership as a seal of approval recognized by international business community.”⁹² All these reasons might explain the dramatic increase in WTO membership with the numbers increasing to 159 members as of 2 March 2013.⁹³ Also, there are legal advantages for joining WTO, which includes accessing a rule-based system and using the dispute-settlement process that is available

⁸⁶ WTO (note 1 above).

⁸⁷ Whalley (note 69 above; 426).

⁸⁸ Ibid 427.

⁸⁹ WTO (note 1 above).

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² SJ Evenett & CAP Braga ‘WTO Accession: Moving the Goalpost?’ in R Newfarmer (ed) *Trade, Doha, and Development A Window into the Issues* (2006) 231,231.

⁹³ WTO (note 1 above).

in WTO.⁹⁴ Countries are encouraged to join WTO because it is a system that helps to promote peace; disputes are handled constructively and rules make life easier for all. In addition, freer trade cuts the costs of living, providing more choice of products and quality; trade raises income and stimulates economic growth, governments are shielded from lobbying and the system encourages good governance.⁹⁵ Thus, both developing and developed countries join WTO for various reasons depending on economic status of the countries.

2.4.2 Developing Countries in the WTO

Three quarters of WTO membership are developing or least developed countries.⁹⁶ A total of 41 African countries are members of WTO.⁹⁷ The increase in the African participation in the MTS might suggest that there are more advantages than disadvantages in becoming a WTO member. Developing countries are afforded special treatment by WTO, which includes more time to implement WTO agreements.⁹⁸ This was done to ensure that developing countries fit well into the MTS and benefit from their membership in WTO by reaping the benefits that flows thereof, taking into account their trading capacity.

Nevertheless, there have been problems encountered by developing countries in the WTO. For instance, the participation of African countries in the multilateral trading negotiations have not yet reached the level of participation of their counterparts mainly the developed countries.⁹⁹ Lack of preparedness among developing countries in trade negotiations due to “capacity constraints in understanding the negotiations subjects / agenda due to lack of relevant training, lack of adequate economic and trade data and poor knowledge of the negotiations structure, all of which impact negatively on overall negotiation strategy”¹⁰⁰ have been suggested as reasons why developing

⁹⁴ Evenett & Braga (note 92 above; 231).

⁹⁵ WTO (note 1 above).

⁹⁶ Ibid.

⁹⁷ T T Chifamba ‘Multilateral Trade Negotiations: How sensibly must African Countries and Trade Negotiators Stand? Some Lessons from WTO Experience’ available at http://lencd.com/data/docs/7-Multilateral%20trade%20negotiations_how%20sensibly%20must%20African%20.pdf, accessed on 21 April 2013 pg 5.

⁹⁸ WTO (note 1 above).

⁹⁹ S Page ‘Developing Countries: Victims or Participants: the Changing Role in International Negotiations’ available at <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2418.pdf> accessed on 06 March 2014 pg 4.

¹⁰⁰ Chifamba (note 97 above; 1).

countries cannot compete with developed countries in the multilateral trading negotiations. During the GATT era the developed countries dominated the MTS and developing countries were victims of decisions made by the developed countries, which had a negative impact on their economies. This must explain why the GATT failed to succeed with some seeing it as '*the rich men's club*.'

¹⁰¹

Furthermore, the dominance of developed countries and the furthering of their interests, which was witnessed by the ITO, are being seen again in WTO as developing countries lack the capacity to negotiate on an equal footing with their counterparts. Even though WTO has tried to help developing countries to improve their capacity by providing technical assistance, they continue to occupy the back seat in terms of influencing the outcomes and scope of negotiations.¹⁰² Thus, much work needs to be done so that developing countries increase their active participation in the multilateral trading negotiations and escape from being victims of decisions made by developed countries.

As a mechanism to curb the problem of lack of preparedness and understanding mentioned above, it can be noted that WTO has established technical assistance, which is mainly meant for developing countries. The assistance included training and education which is given to representatives from developing countries so as to give a better understanding of the impact of the issues on the table before the representatives negotiate on behalf of their different countries. In spite of the assistance, scholars like Chifamba¹⁰³ have identified some of the shortfall of the technical assistance. These shortfalls include the fact that:

“- such assistance is offered as a trade-off during the negotiations, thus the assistance does not come before the negotiations have started and is offered in exchange for concessions whose impact on national economies is not known.

- the technical assistance is responsive to the trade interests of the donors and mostly delivered by personnel and institutions from the donor countries, where funding is given to African

¹⁰¹ A L Stoler 'Preferential Trade Agreements and the Role and Goals of the World Trade Organization: Speaking Notes' available at http://www.iit.adelaide.edu.au/docs/TPs%20PTAWTO_Speakingnotes.pdf accessed on 06 March 2013 pg 3.

¹⁰² Chifamba (note 97 above; 2).

¹⁰³ Ibid 7.

researchers and Non-Governmental Organizations (NGO) for the conduct of studies and the research proposals and findings are first submitted to and owned by the donors who can also influence both the focus and content of the report.” Thus, the technical assistance only equips the negotiators with an understanding of the proposal but does not afford them the opportunity to challenge the status quo.¹⁰⁴

Despite the boom in world trade under the stewardship of WTO as indicated by some researchers, developing countries have not benefited much due to the fact that they take time to implement decisions reached during the multilateral trading negotiations, mostly because these decisions might harm their economies. This might be as a result of “lack of competitiveness and inability to deal with adjustment costs”.¹⁰⁵ Delaying the implementation of these codes has led to developing countries not benefiting from the multilateral trade negotiations though they participate fully and WTO has failed to address this problem.

Rose¹⁰⁶ pointed out that, even though WTO was established to promote trade, there is no evidence to show that it has achieved the self set goal because of lack of empirical evidence. He assessed the effectiveness and the usefulness of WTO as MTS and concluded that WTO failed to achieve its major objective. This however, does not mean that the WTO did not achieve some of its goals especially with regard to integrating trade among member states. Thus, Subramanian and Wei¹⁰⁷ believe “WTO has promoted trade and has increased world imports substantially, possibly by about 120% of world trade (about US\$8 trillion in 2000 alone) though this trade promoting role of WTO has been uneven.” So it can be noted that there are mixed feelings concerning the successes of WTO, though it can be noted that WTO has played a significant role in promoting trade.

¹⁰⁴ Ibid 7.

¹⁰⁵ B Hoekman ‘Aid for Trade: Why, What, and Where are we’? Available at http://siteresources.worldbank.org/INTRANETTRADE/Resources/239054-1273092281133/Bernard_Hoekman_Aid_For_Trade.pdf accessed on 21 April 2013 pg 12.

¹⁰⁶ A K Rose ‘Do we really know that the WTO increases trade? American Economic Review’ Working Paper 9273, October 2002 available at www.nber.org/papers/w9273 accessed on 21 April 2013 pg 1.

¹⁰⁷ Subramanian & Wei (note 83 above; 175).

Despite the problems referred to, Moore and Gallagher¹⁰⁸ had the opportunity to evaluate the successes and failures of the WTO thus far, and they concluded that the success of WTO can be attributed to the fact that “WTO is not a global government but a key forum in which governments cooperate globally, it is also not a world democracy in the sense of being a government of the world’s people but is the most democratic international body in existence today.” This shows that WTO has achieved the status of a MTS where different countries do participate in the negotiations and are afforded the opportunity to negotiate WTO rules, as they are not imposed on any country.¹⁰⁹ Thus, WTO respects country autonomy as member countries are allowed to negotiate WTO rules agreed to by consensus and they can be ratified by parliaments. In summation the successes of WTO as of 2005 are attributed to the fact that rules are based on persuasion not coercion also on the founding principle of non-discrimination as all member states are treated equally and because country autonomy is assured.¹¹⁰

Furthermore, WTO has succeeded in creating a strong environment for trade especially for developing countries.¹¹¹ One of the greatest achievements of WTO (between 1995-2005) was being able to maintain peace regardless of the economic upheaval.¹¹² This has been made possible because of WTO dispute resolution committee, which has seen countries solve their disputes through peaceful means rather than engaging in wars as they did in 1930’s.¹¹³ Of all the institutions that have been established thus far from the Havana Charter, WTO has shown the most evidence of success.

WTO has helped developing countries which faces trade barriers by negotiating the removal of these barriers and advocating for opening of markets.¹¹⁴ Thus, WTO has helped a lot in alleviating the problems that hinder most developing countries from fully benefiting from international trade. All member countries are expected to lower customs tariffs and remove other trade barriers, to open and keep open services markets depending on the agreement reached

¹⁰⁸ M Moore ‘*Ten Years of the WTO: A Success story of Global Governance*’ 2/2005 available at <http://library.fes.de/pdf-files/id/ipg/02857.pdf> accessed on 21 April 2013, pg 12.

¹⁰⁹ Ibid 17.

¹¹⁰ M Moore (note 108 above:12,16).

¹¹¹ P Gallagher *The First Ten Years of the WTO 1995-2005* 1 ed (2005) 138.

¹¹² Ibid 143.

¹¹³ Chifamba (note 97 above; 11).

¹¹⁴ WTO (note 1 above).

during trade negotiations.¹¹⁵ WTO was established to solve obstacles including market access, trade liberation, intellectual property, environment issues, health and sanitary standards among others. Because the focus of this dissertation is market access and sanitary standards these particular problems will be discussed below.

Most of WTO agreements has provisions which gives developing countries some privileges and this is referred to as ‘special and differential treatment’.¹¹⁶ This means that developing countries are treated more favorably than other WTO members for example they are given longer periods for implementing agreements.¹¹⁷ The special and different treatment provisions are meant to increase trading opportunities for these developing countries. As a mechanism to review and analyze the implementation of special and differential treatment provisions a Bali Ministerial Conference was established in December 2013.¹¹⁸ This principle was also honored under the GATT for example,¹¹⁹

“the enabling clause officially called the ‘Decision on Differential and More Favorable Treatment, Reciprocity and Fuller Participation of Developing Countries’, was adopted under GATT in 1979 and enables developing members to give differential and more favorable treatment to developing countries.”

This principle of special and differential treatment shows that WTO recognizes the historical imbalance between developing and developed countries. Thus, developing countries are given a chance to develop and enhance their trading capacity.

¹¹⁵ Ibid.

¹¹⁶ Development: Trade and Development Committee: Special and differential treatment provisions available at http://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm accessed on 04 March 2014.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

2.5 MARKET ACCESS

Market access for goods has been defined as “the conditions, tariff and non-tariff measures, agreed by members for the entry of specific goods into their markets.”¹²⁰ The General Council on 31 January 1995 established WTO Committee on Market Access.¹²¹

WTO members are expected to follow the guidelines, which include transparency, predictability and procedural guarantees for exporters when applying the non-tariff measures.¹²² Many of the developing countries agreed to implement the non-tariff measures that were concluded on the Uruguay Round.¹²³ Market access is of paramount importance as it helps exporters in developing countries to fully participate in international trade and to also benefit from trade negotiations.¹²⁴ Its importance has also been seen by “developed market economies who have taken steps to improve market access for developing countries and have expanded preferential access for goods from developing countries and reduced tariffs on goods of interest to developing countries.”¹²⁵ So it can be noted that in order for developed countries to benefit and participate fully in international trade and access international markets, WTO has to continue paving the way for developing countries so that they may benefit from trade negotiation and not become victims as the economic world witnessed during and after the 1st and 2nd WW.

The problem of market access has been in existence even before WTO was established as Whalley¹²⁶ pointed out that, “in contrast to previous GATT rounds, Uruguay Round negotiations over market access focused on non-tariff barriers to trade.” So it can be noted that when WTO came into existence it had an anticipated duty of continuing to negotiate further market access especially for the developing countries. Market access involves many negotiations. As Schott¹²⁷

¹²⁰ World Trade Organization’ available at http://www.wto.org/english/tratop_e/markacc_e/markacc_e.htm accessed on 22 April 2013.

¹²¹ Ibid.

¹²² Whalley (note 69 above; 146).

¹²³ Ibid 146.

¹²⁴ F von Kirchback & M Mimouni ‘Market Access Barriers: A Growing Issue for Developing Country Exporters?’ International Trade Forum (2003) Issue 2 available at https://gc21.giz.de/ibt/en/opt/site/ilt/ibt/regionalportale/sadc/downloads/market_access_barriers.pdf accessed on 22 April 2013.

¹²⁵ Ibid.

¹²⁶ Whalley (note 69 above; 254).

¹²⁷ J J Schott ‘The Uruguay Round: What Can Be Achieved?’ in J J Schott (ed) *Completing The Uruguay Round: A Results-Oriented Approach to the GATT Trade Negotiations* (1910) 1,10.

argues “market access negotiations involve two sides of the same coin, the other side is liberalization and the other one is the safeguards complex and these two sides are integrally linked together.” Thus, WTO as an established institution had the mandate to negotiate for market access through liberalization of trade and provide safeguards measures in order for all member countries to benefit and acquire trading capacity to be able to compete at international markets.

However, there is a growing fear among member countries that national health and sanitary standards for food and agricultural products are increasingly becoming a non-tariff barrier. Non-tariff measures were extended to include sanitary measures. WTO had put in place measures to deal with health and sanitary measures in order to protect exporters as well as consumers.¹²⁸ However, it is disappointing that WTO to some extent has failed to harmonize WTO and the US-EC¹²⁹ health and sanitary standards.¹³⁰ Thus, most developing countries are facing difficulties in accessing EC markets because of the standards that were set.

In early 2000 it was concluded that market access alone was not enough in helping developing countries in benefiting from international trade, as there was need for the developing countries to be competitive for them to reach the international markets.¹³¹ The question that was left unanswered is, “How do developing countries become competitive when they do not have the capacity to compete with the developed countries?” This means that the WTO had a duty to create a conducive environment to enable developing countries to compete with developed countries in accessing the international markets.

An assessment shows that Africa enjoys good access to foreign markets though the effects are most likely not to be even among African countries.¹³² For example some African developing countries like Malawi face worse market access compared to the rest of the world and trade preferences are the only way of helping such countries in order to improve market access by

¹²⁸ WTO (note 120 above).

¹²⁹ United State- Economic Community.

¹³⁰ WTO (note 120 above).

¹³¹ Hoekman (note 105 above: 2).

¹³² A Bouet et al ‘Does Africa Trade Less than it Should, and if So, Why?’ IFPRL Discussion Paper No. 00770 May 2008 available at <http://www.ifpri.org/publication/does-africa-trade-less-it-should-and-if-so-why?print> accessed on 21 April 2013 pg 10.

lowering the duties faced on African exports.¹³³ Thus, WTO has a duty to establish trade preferences, as this will help low-income developing countries to have access to international markets. However, it is still unclear whether trade preferences will improve trade in these low-income countries as they are faced again with some challenges of poor infrastructure.

Nevertheless, the efforts that have been made by WTO in improving market access are worth mentioning especially in the low-income countries. Market access is one of the problem areas which WTO was supposed to solve so that developing countries could participate in international markets, but this has proved to be a failure. WTO has tried to negotiate market access for these developing countries but it is failing to keep up with the pace at which the developed countries are operating and developing countries are now facing a new non-tariff barrier of health and sanitary measures being introduced by developed countries. Many of the products from African countries are failing to reach the international markets due to the standards set by these developed countries. It can be noted that though WTO has succeeded in tariff reduction in order for the developing countries to benefit from the international trade, it has not done anything worth mentioning in the area of non-tariff barrier of sanitary standards.

2.6 CONCLUSION

The above discussion has traced the development of the MTS by looking at the emergence of GATT, which was established to deal with political and economic unrest that developed and developing countries were facing during the 1st and 2nd WW. Unequal treatment of developing countries by developed countries was the order of the day so there was a need to establish an institution with well-defined rules, which would regulate trade between countries. GATT was later transformed into WTO during the Uruguay Round. This transformation can be attributed to the growing economic needs of member countries. To date many countries have joined WTO for different reasons, which range from political and economic to legal. Due to such principles as non-discrimination and country autonomy, WTO has gained a status that was not afforded to GATT and has provided an effective forum for further trade liberalization and rule making. WTO has had serious problems in trying to negotiate market access for developing countries as

¹³³ Ibid 22.

developing countries keep on imposing some non-tariff barriers like sanitary standards. Developing countries have failed to accrue the profits from the international trade as their products have failed to meet international standards. The economic world is still optimistic that WTO can do something about these emerging problems through AfT initiatives which, will be discussed in the next chapter.

CHAPTER 3

3 AID FOR TRADE

3.1 INTRODUCTION

AfT may be defined as the financial assistance given to developing countries by developed countries so that the former may be able to participate and benefit fully from trade related activities.¹³⁴ An AfT initiative was launched during the 2006 Hong Kong Ministerial Declaration.¹³⁵ Trade policy regulation, trade related infrastructure and other trade related needs are some of the identified activities that encompass AfT.¹³⁶ Thus, AfT may be divided into aid that directly helps beneficiaries to formulate and implement trade policies and practice and aid that supports developing countries to have a wider economic capacity to trade.¹³⁷ In other words, AfT is intended to help developing countries in all trade related activities so that they can benefit from the MTS.

An initiative was launched some after the formation of WTO which was known as Integrated Framework for Trade Related Technical Assistance to Least Developed Countries which was aimed at strengthening LDCs' trade capacities.¹³⁸ Thus, AfT agenda can be traced from developing countries concerns for failure to accrue the benefits from already established international markets unless their supply-side constraints were addressed.¹³⁹ In an effort to deal with these concerns the AfT initiative was launched at the Hong Kong Ministerial Conference in December 2005 where the leaders were calling upon donor to honor their pledges and increase their AfT resources so as to help developing countries to solve trade related challenges so that

¹³⁴ WTO (note 1 above).

¹³⁵ M Cali & D Willem te Velde ' The effectiveness of Aid for Trade: Some Empirical Evidence" August 2008, Issue No 50 available at <http://www.thecommonwealth.org/files/184138/FileName/THT50Theeffectivenessofaidfortrade.pdf> accessed on 18 June 2013 pg 1.

¹³⁶ WTO (note 1 above).

¹³⁷ Development and Cooperation- Europeaid' available at http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/trade/aid-for-trade_en.htm accessed on 18 June 2.

¹³⁸ Briefing Papers

¹³⁹ Ibid.

they can expand their trading capacities.¹⁴⁰ The Ministerial Meeting established the WTO Task Force on AfT which developed recommendations on how to operationalize AfT.¹⁴¹

This chapter intends to provide a detailed explanation and analysis of the operation of AfT. The specific questions that will be addressed are as follows firstly, how AfT has this far assisted with the integration of developing countries into MTS; secondly, to what extent AfT has been able to establish market access for developing countries and thus whether AfT have been successful in facilitating the mobilization of international resources to address developing countries needs and developing a GPD and thirdly, whether developing countries have succeeded in achieving their MDG8 with the help of AfT.

In order to answer these questions, the chapter will focus, firstly on the goals and purpose of AfT; secondly on analyzing the global reviews that have taken place thus far; thirdly on whether AfT was successful and finally the relationship between AfT and the MDG8.

3.2 AID FOR TRADE

3.2.1 Goals of Aid for Trade

The AfT trade initiative was established at the Hong Kong Ministerial Conference after a Task Force was established to investigate ways which includes trade policy regulation in which developing countries could achieve economic growth through taking opportunities presented by developed countries.¹⁴² The initiative was aimed at assisting developing countries to increase their exports in goods and services so that they would benefit from the trade liberalization and to increase their market access.¹⁴³ Developing countries required this assistance because of the

¹⁴⁰ World Trade Organization (2005) 'Doha Work Programme: Ministerial Declaration', WT/MIN(05)/DEC. Adopted 18 December. Geneva: WTO.

¹⁴¹ K Higgins & S Prowse 'Trade Growth and Poverty: making Aid for Trade work for inclusive growth and poverty reduction' Working Paper 313 February 2010 available at www.odi.org.uk/resources/docs/5778.pdf accessed on 19 June 2013 pg 14

¹⁴² WTO (note 1 above).

¹⁴³ M Vijil & L Wagner 'Does Aid for Trade Enhance Export Performance? Investigating the Infrastructure Channel' (2012) 35. *World Economy* 838,839.

supply-side constraints which included trade-related infrastructure so that they could access international markets and benefit from all WTO agreements. In addition, AfT was aimed at increasing economic growth and reducing poverty.¹⁴⁴ The purpose and goals of AfT will be discussed in this section.

In line with the purpose of AfT, according to the Task Force report, there are three categories of AfT, which aims at helping developing countries reap the benefit from international trade. The first category is the Trade Policy Regulation (TPR), which is intended to assist developing countries to effectively participate in the MTS so that they can make a valuable contribution to all the agreements that will eventually bind them as member countries.¹⁴⁵ The second category involves Enterprise Development, which is broadly aimed at helping the private sector get involved in trade related activities by creating a favorable business climate so as to expand the exports and responding to export opportunities.¹⁴⁶ The third category involves resolving the issue of internal barriers, including infrastructure.¹⁴⁷

Poor roads result in delays and sometimes by the time the products reach the international ports their value would have depreciated, as “poor transport infrastructure can prevent local farmers from accessing large domestic markets and international ports; poor storage facilities can increase inventory costs; and bad energy and water supplies can disrupt production or increase costs.”¹⁴⁸ These are some of the difficulties that AfT is aimed at resolving in order for developing countries to improve their economic growth through trade. Even though, improvement in infrastructure is not directly linked to an increase in trade, good infrastructure coupled with good policies could eventually increase trade confidence in such countries. Thus, there is need to provide support to developing countries as Winters et al¹⁴⁹ states

¹⁴⁴ Ibid 839.

¹⁴⁵ Monitoring Aid for Trade: Information Note available at <http://www.oecd.org/fr/investissement/stats/44557254.pdf> accessed on 05 March 2014 pg 3.

¹⁴⁶ Ibid 3.

¹⁴⁷ Ibid 3.

¹⁴⁸ J E Stiglitz & A Charlton Aid for Trade A report for the Commonwealth Secretariat March 2006 available at unctad.org/sections/ditc_tncdb/docs/ditc_tncd_bp_geneva03-06_en.pdf accessed on 21 June 2013 pg 20.

¹⁴⁹ A W Winters et al ‘Trade Liberalization and Poverty: The Evidence So Far’ (2004) 42(1) *Journal of Economic Literature* 72,115.

“[S]upporting storage for agricultural producers offers a sound entry point for AfT because improved storage enables producers to respond more effectively to market signals and to cope with the price fluctuations that tend to accompany openness to international commodity markets.”

If farmers do not have storage facilities they are forced to sell the products immediately after harvesting when the price will still be low because of competition since they cannot wait till the prices are higher.¹⁵⁰ If AfT does not help these farmers it means they will probably get less profits than that which they could have made if they had proper storage facilities. Assistance in this regard might help developing countries to gain the much-anticipated profits rather than just incurring expenses. These profits could be used in developing programmes and projects to enhance developing countries trade capacity.

In addition, the Hong Kong Declaration declared that AfT should help developing countries in the building of trade related infrastructure and supply-side capacity so that they would benefit from agreements of WTO which would lead to expansion of their trade capacity.¹⁵¹ AfT’s goal is to create and support market access for developing countries so as to create employment. International trade as the name suggests requires vast resources, to compete in international markets, which is lacking in many developing countries. Thus, one of the purposes of AfT is to facilitate the mobilization of international resources, which will help the vulnerable groups like women traders to benefit from trade, which could ultimately aid in poverty reduction.

Moreover, it is the aim of AfT to mainstream trade into development plans thus integrating trade into national and regional development planning and implementation.¹⁵² This might be another way for AfT to help developing countries boost their economic growth. The initiative must provide education on the importance of AfT at national as well as regional level ensuring that government and private sector do get involved in trade so as to achieve economic growth. This might bring about the success everyone else has been waiting for because if AfT is properly managed success is guaranteed. The importance of mainstreaming trade is evidenced in the 2006

¹⁵⁰ Ibid 115.

¹⁵¹ Hong Kong Declaration (par 57) available at http://www.wto.org/english/thewto_e/minist_e/min05_e/final_text_e.htm accessed on 18 June 2013.

¹⁵² Aid For Trade Work Programme 2012-2013 “Deepening Coherence” available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm accessed on 21 June 2013.

Task Report, which states that; "... a commitment to country ownership and country-driven approaches - as well as a commitment of governments to fully mainstream trade into their development strategies - is key to the effectiveness of AfT."¹⁵³

Another way to overcome challenges is with aid for implementation. Most developing countries, due to lack of capacity, have been slow in implementing agreements. An example of this is the Textiles and Clothing Agreement, which has seen small suppliers getting the least favorable treatment and having to get a further extension.¹⁵⁴ This is all as a result of the limited capacity of developing countries to bear adjustment costs involved. AfT was established in an effort to help these developing countries overcome fears of implementation as well as to cover costs for trade reforms.¹⁵⁵ Developing countries do have limited capacity compared to developed countries in taking up new opportunities, and thus AfT is intended to develop the developing countries' capacity so that they will be able to take advantage of the new opportunity and bear the adjustment cost with no negative effect on their economies.

Landlocked countries like Zimbabwe and Zambia also faces many trade barriers that can be addressed by AfT. These barriers include high transport costs as well delays at the Border Post to clear vehicles. For instance, according to Mandelson et al¹⁵⁶

"[i]t costs more to ship a ton of maize to neighboring Tanzania than it costs to send the same ton of maize from Tanzania to Europe or the United States because in most European and American ports, it takes a day to clear a container through port whilst in many African ports, it takes weeks."

In addition, many agricultural farmers in Zimbabwe and Zambia do not have technical assistance that will help them to meet the sanitary standards imposed by the European Union.¹⁵⁷ These standards act as a barrier to trade imposed by EU so that developing countries products may not reach the EU markets. Therefore, it follow that AfT is needed to help developing countries to

¹⁵³ Recommendation of the Task Force on Aid for Trade available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/implementing_par57_e.htm accessed on 21 June 2013.

¹⁵⁴ Doha Implementation Decision Explained available at http://www.wto.org/english/tratop_e/dda_e/implem_explained_e.htm accessed on 1 September 2013.

¹⁵⁵ Laird (note 12 above; 16).

¹⁵⁶ P Mandelson et al (note 6 above).

¹⁵⁷ Ibid.

overcome all these obstacles in order for them to benefit from international trade, which in turn will enable their economies to improve and ensure prolonged effective development.

Prior to the formation of WTO many developing countries were not much involved in the multilateral trading negotiations and those that were involved did not play any significant role.¹⁵⁸ However, the coming into existence of WTO has resulted in developing countries outnumbering developed countries. According to Cai¹⁵⁹ AfT has a duty to:

“[I]mplicit or explicit acknowledge the historical exclusion of developing nations in decision making that shaped the global trade regime, reflect the responsibility that developed nations must now play in bringing in their developing nation counterparts into the trade regime and provide the resources to allow developing nations to take full advantage of the global trade regime, including meaningful participation in its decision making.”

Thus AfT has a duty to assist with the integration of developing countries into MTS and to make sure that they are not only there to increase the numbers but that they benefit as well.

Another objective of AfT is to enable WTO to reach out to a broader community, including those countries, which were excluded in MTS.¹⁶⁰ This is so because every project successfully completed brings the recipient closer to the donor and the facilitator, WTO.¹⁶¹ Also AfT has a duty to bring WTO into contact with the groups like NGO and local citizens groups.¹⁶² Thus, AfT is aimed at bringing interaction between all the WTO members, both the developed and the developing countries.

The aims of AfT have been summarized by Higgins and Prowse.¹⁶³ They are to:

“- Ensure clear linkages and connections between a country’s trade agenda and the broader national development agenda;

¹⁵⁸ Stiglitz (note 148 above; 9).

¹⁵⁹ Cai (note 21 above; 290).

¹⁶⁰ Ibid 296.

¹⁶¹ Ibid 296.

¹⁶² Ibid 298.

¹⁶³ K Higgins & S Prowse (note 141 above; 17) .

- Support ex-ante, disaggregated trade policy analysis to identify how changes in trade will impact different economic and social groups;
- Support a disaggregated, inclusive approach to trade policy-related stakeholder engagement, which involves groups across the economic and social spectrum of society;
- Support countries to get a better deal in regional and international trade negotiations, and in doing so, seek to maximize both the trade and human development outcomes of regional and international trade agreements;
- Provide institutional and administrative support to regional trade groupings;
- Supporting trade facilitation – for example, improving the time and costs associated with trading, particularly across borders; and
- Support countries to meet trade standards imposed through regional and international trade agreements so they are able to take advantage of global markets.”

Thus, AfT has a mandatory duty of ensuring that the developing countries do not suffer at the hands of the developed countries. AfT must make sure that the developing countries do benefit from international markets as much as developed countries, by helping the former expand its export capacity.

In order to determine whether the purposes outlined above are being achieved, WTO carries out self-assessments. Through the recommendations by the Task Force, a monitoring body has been established to carry out global reviews. These reviews through monitoring and evaluation will reflect how much work has been done and how much still need to be done. The global reviews that have been conducted by WTO thus far will be examined and analyzed below.

3.3 AID FOR TRADE AND WTO

3.3.1 Analysis of Reviews

After the launch of the AfT initiatives in Hong Kong Ministerial Conference in 2005, WTO established a Task Force, with the aim of ‘operationalizing’ AfT.¹⁶⁴ The Task Force recommended that AfT should focus on “the establishment of a monitoring body in WTO, which would undertake a periodic global review based on reports from a variety of stakeholders.”¹⁶⁵ Upon consideration these recommendations WTO established a monitoring body which hold global periodic reviews after every two years.

The global review focus on what has been happening in AfT, what should happen and what is needed to improve WTO monitoring and evaluation.¹⁶⁶ When assessing what has been happening all the WTO members have a chance to “examine and discuss the results of the ‘three tiers’ of monitoring — the global numbers, and the partner- and donor-country self assessments.”¹⁶⁷ The members focus on implementing the responses and recommendations of the regional reviews so that they can “set out a roadmap for assessing progress and implementing results.”¹⁶⁸ Member countries are also encouraged to launch a work programme aimed at developing qualitative targets for improvements.¹⁶⁹

In 2007 WTO held three regional reviews of which one was focused on Africa and held in Dar es Salaam Tanzania. The report focused on gathering financial resources so as to help developing countries in Africa to take the opportunities presented to them in an effort to give trade greater preference as a tool for economic growth.¹⁷⁰ This is because trade is an essential tool, which can bring about economic development and so lead to job creation thus reducing the unemployment levels and eventually lead to poverty reduction.

¹⁶⁴ Monitoring Aid for Trade (note 145 above; 2).

¹⁶⁵ United Nations Economic Commission for Africa: Aid for Trade Global Review available at <http://www.uneca.org/aid4trade2013> accessed on 06 March 2014.

¹⁶⁶ Ibid.

¹⁶⁷ WTO (note 1 above).

¹⁶⁸ Aid for Trade: Mobilizing Aid for Trade: Aid for Trade Global Review 2007 available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review07_e.htm accessed on 06 march 2013.

¹⁶⁹ WTO (note 1 above).

¹⁷⁰ Ibid.

In his opening remarks at the review, Pascal Lamy who was then Director-General of WTO acknowledged that trade has increased in African countries by over eight percent, although not all African countries have experienced this trade growth.¹⁷¹ The purpose for that meeting was to find ways to help developing countries to build their capacities needed so as to expand trade and integrate into the MTS.¹⁷² It can be noted that, this regional review was aimed at finding ways that would help developing countries to benefit from international trade. Pascal highlighted that the only way that developing countries would harness trade, as an engine of growth is when they have access to the basic infrastructure, such as telecommunications networks that can connect exporters and modern customs facilities that can move products rapidly and effectively across borders.¹⁷³ Some of these critical needs for economic growth were already underway and Lamy suggested that AfT could help developing countries in meeting some of the expenses. What was also needed was firstly, to priorities trade at national level secondly, for WTO to look into its financial system it uses to mobilize and deliver and thirdly, find ways to involve the private sector in all the negotiations because they believe that it is not the government that is involved in trade but the farmers, companies and businesses.¹⁷⁴

The Second Global Review was held in 2009 and it assessed the progress that was made from the first. The 2009 review focused on moving from commitment to implementation, mainstreaming trade in national and regional development strategies, sustaining aid flows during the global economic downturn and assessing the effectiveness of AfT.¹⁷⁵ It was reported that AfT has been effective in the following areas; “trade policy analysis – negotiation – implementation; trade facilitation; competitiveness; and export diversification.”¹⁷⁶ However the report concluded that in terms of network infrastructure AfT has not been successful because there is need for; “a stronger donor focus on capacity development; a greater say in the design of AfT interventions; better predictability of funding; and more extensive use of budget support (or trade sector-wide

¹⁷¹ P Lamy's remarks at the opening session of the Aid for Trade conference in Dar es Salaam, Tanzania available at http://www.wto.org/english/news_e/sppl_e/sppl75_e.htm accessed on 20 June 2013.

¹⁷² Ibid.

¹⁷³ Lamy (note 171 above).

¹⁷⁴ Ibid.

¹⁷⁵ WTO (note 1 above).

¹⁷⁶ Aid for Trade at a Glance 2009 (note 82 above; 15).

approaches).¹⁷⁷ This serves to show that there was more that needs to be done before the AfT initiatives could be regarded as a complete success.

The 2009 report concluded that linking developing countries with the global market place was the original plan of AfT as this would help developing countries overcome their supply-side constraints.¹⁷⁸ These supply-side constraints had prevented developing countries from realizing their full potential in terms of trade. It was also concluded that AfT was part of a wider development agenda as it was so important for the achievement of other policy goals like linking the agricultural producers to regional and global markets.¹⁷⁹ The report states that AfT was more necessary needed than ever as it had succeeded in poverty reduction.¹⁸⁰ Paving way for developing countries' products to reach international markets and supporting low-income countries remained one of the central issues.¹⁸¹

The Third Global Review was held in 2011 under the umbrella theme of 'Showing Results', which means understanding what AfT is achieving on the ground. The report traces the achievement thus far of the AfT. It went on further to state that the involvement of the private sector had increased.¹⁸² This was a positive move since the involvement of private sector in MTS is so crucial. However, it was yet to be seen whether private sector involvement will bring about change in their countries and whether any contribution they make will be taken into account during negotiations process, bearing in mind that the private sector from developing countries will be up against their donors.

The Fourth Review held in 2013 under the theme 'Connecting to Value Chains', and it focused on how developing countries might benefit from value chains.¹⁸³ Value chains have developed

¹⁷⁷ Ibid 16.

¹⁷⁸ Ibid 27.

¹⁷⁹ D Lui et al 'Rethinking Aid for Trade in the context of innovative financing' Discussion Paper No 127 May 2012 available at [http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/82DC6413815184A9C1257A0800605F5B/\\$FILE/DP%20127%20AfT%20and%20Innovative%20Financing_Final.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/82DC6413815184A9C1257A0800605F5B/$FILE/DP%20127%20AfT%20and%20Innovative%20Financing_Final.pdf) accessed on 06 March 2013 pg,1 .

¹⁸⁰ Aid for Trade at a Glance 2009 (note 82 above; 13)

¹⁸¹ Ibid 13.

¹⁸² Laird (note 12 above; 16).

¹⁸³ Fourth Global Review on Aid for Trade, "Connecting to Value Chains" available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review13_e.htm accessed on 16 November 2013.

from North-South to regional and South-South trade interaction.¹⁸⁴ The review was aimed at;

“ ...examin[ing] strategies to connect developing countries and Least Developing Countries to international value chains, how to move up the value chain and discuss the associated development benefits in the context of the debate about the post-2015 development agenda.”¹⁸⁵

In brief, it can be noted that WTO is still trying to help developing countries especially in areas where they are lacking.

From an examination of the above-mentioned global review, it appears that AfT has been successful in some areas. However, evidence of these success stories should be seen in transforming lives of ordinary people and by also evaluating whether AfT has achieved all the self-set goals. These global reviews may not provide an accurate conclusion as to the success of the AfT since they used a thematic approach by focusing on one theme and not on all aims of AfT. Thus, to provide a more accurate conclusion there is need to look at other sources of evidence before the research is narrowed to a specific case study.

3.3.2 Success and Failures of Aid for Trade

In an effort to integrate developing countries into MTS, AfT has encountered many problems. AfT encountered these problems mainly but not solely because developing countries failed to give much attention to trade as a tool for development.¹⁸⁶ AfT failed to play a pivotal role in balancing historical imbalances. Davey¹⁸⁷ noted that:

“[F]irstly developing nations are beginning with a severe disadvantage, not just in terms of economic and political clout, but in terms of familiarity with the trade regime and the ability to negotiate its vagaries to their advantage, there is a great deal of scholarship about the lack of meaningful participation by developing nations in both trade negotiations and dispute settlement.”

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

¹⁸⁶ Laird (note 12 above;16).

¹⁸⁷ W J Davey ‘Dispute Settlement in GATT’ (1987) 11 *FORDHAM INT’L L.J* 51, 90.

One of the reasons for the failure of AfT may be attributed to the fact that WTO has not responded to the specific needs of the developing countries including specific skills and credit facilities.¹⁸⁸ Developing landlocked countries are actually not receiving higher funds even though they face the highest trade barriers as they depend on infrastructure of the transit country.¹⁸⁹

When one is asking the question of whether AfT has been successful or not? A chance to assess whether those countries in need of AfT are the ones that receives the aid.¹⁹⁰ It neither does not make sense nor produce the desired results if those countries which do not need much assistance end up getting higher assistance compared to those countries which are so much in need. However, the desired results at the same time vary from one country to another depending on country management. This is evident in the following example where, “Lesotho, Malawi, Mozambique and Swaziland experienced both increasing trade and a reduction in poverty during 1990-2001 whilst Zimbabwe and Zambia experienced an increase in the poverty rate and a decrease in trade over the same period.”¹⁹¹ This evidence shows that an increase in trade will results in either a decrease or increase in poverty as this will all depend on how each country manages its funds. These negative results maybe as a result of lack of coordination and coherence in donors’ trade-related response which AfT has failed to solve and as a resulted it has affected some developing countries negatively.

Developed countries have not been able to fully enjoy the benefits provided by AfT because they are under many constraints like trade related infrastructure and high transport costs which AfT has failed to fully address.¹⁹² Also, besides tariff measures imposed on developing countries products, there have been new obstacles that have hindered their products from reaching international markets. These non-tariff measures including sanitary standards proved to be more than an obstacle. This shows that there are many internal barriers to trade, which includes poor trading infrastructure and lack of human power, and these barriers have proved that even if tariff

¹⁸⁸ Laird (note 12 above; 15).

¹⁸⁹ E Gamberoni & R Newfarmer ‘ Aid for Trade; Matching Potential Demand and Supply’ Policy Research Working Paper 4991 July 2009 available at elibrary.worldbank.org > *Policy Research Working Papers* accessed on 23 June 2013, pg 11.

¹⁹⁰ Wiig (note 15 above; 2).

¹⁹¹ Ibid 4.

¹⁹² RTTP (note 3 above; 6).

measures are reduced most developing countries will not benefit. The reason being that their products will not reach international markets. Therefore, before AfT negotiate market access for developing countries there is need to remove and improve the internal barriers to trade first, of which AfT has not done much thus.

Establishing market access for developing countries was one of the aims of AfT. Market access is an essential condition for export growth though an incompetent government and market failures always makes it difficult for traders to enjoy the benefits of freer trade.¹⁹³ In order for the trader to benefit from free trade there is need for good investment climate characterized by a flexible labor market as well a competitive product market and lack of corruption.¹⁹⁴ This has been lacking in most developed countries as most of these countries are characterized with high corruption rate and this has restricted investment opportunity. Thus, AfT has failed to deliver up to the expectation of many as it failed to educate governments on the importance of good governance in creating trading opportunities that attract foreign investments as well as foreign aid agencies.

The failure of AfT to solve the problem of unequal intra-country distribution of the available funds has resulted in the workers, traders and consumers failing to fully access the opportunities offered by international trade.¹⁹⁵ This may have been caused by lack of private sector involvement in trade negotiations, which AfT has failed to address.¹⁹⁶

On the other hand, AfT has produced some positive results in other developing countries. AfT has helped developing countries like Mozambique in mainstreaming trade and other related measures effectively which later led to poverty reduction.¹⁹⁷ Mozambique was also integrated into the MTS through the involvement of other stakeholders.¹⁹⁸ Also, the awareness of AfT has

¹⁹³ Wiig (note 15 above; 8).

¹⁹⁴ Ibid 8.

¹⁹⁵ Higgins & Prowse (note 141 above; 1).

¹⁹⁶ Laird (note 12 above 16).

¹⁹⁷ Wiig (note 15 above; 18).

¹⁹⁸ Ibid 18.

increased and the agenda has managed to survive the stalemate of the Doha Round.¹⁹⁹ This shows the impact of awareness that has been created by the AfT initiatives on the importance of AfT.

Basing on the arguments above, it can be noted that, AfT has not been effective thus far in delivering its aims, goals and purpose. It has failed to assist with the integration of developing countries into MTS, in facilitating the mobilization of international resources to address developing countries needs and establishing market access for developing countries. Developing countries are still struggling to reach to the international markets so that they reap the benefits of the opportunities provided by international trade. Most developing countries still records high level of unemployment as well as poverty rate, which shows that there was little economic growth thus far. These failures might be attributed to ill-defined objective, insufficient service delivery and diversion of the money from original allocation because of lack of people who can properly manage how these funds are used for.²⁰⁰ Also, there is limited quantitative evidence to show whether AfT has been successful or not. The available data is based on interviews and analysis of the available documents and not accurate estimation of AfT activities on trade and economic development.²⁰¹

3.4 AID FOR TRADE AND MILLENNIUM DEVELOPMENT GOALS 8

3.4.1 MDG8 and WTO

Values, principles and purpose of the UN were reaffirmed in the form of Millennium Declaration in 2000, which forms the origins of the MDGs.²⁰² These MDGs are like other international instruments in that they are comprehensive in nature and a lot has been done in an effort to

¹⁹⁹ S A Olanrewaju 'Aid for Trade – Prospects for Enhancing African Trade Capacity1' available at <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Knowledge/25040378-EN-AID-FOR-TRADE-PROSPECTS-FOR-ENHANCING-AFRICAN-TRADE-CAPACITY-PAPER.PDF> accessed on 22 June 2013 pg 8.

²⁰⁰ 'World Trade Organization' available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review_e.htm accessed on 21 June 2013

²⁰¹ M Cali & D Willem te Velde 'Does Aid for Trade Really improve Trade Performance' 30 June 2009 available at <http://ssrn.com/abstract=1430492> accessed on 18 June 2013 pg 2.

²⁰² Millennium Development Goals in Zimbabwe; Virtual Learning Center available at http://www.mdgs.org.zw/virtualschool/course_section.php?section=34 accessed on 21 June 2013.

finance, implement and monitor them.²⁰³ They are seen as a ‘roadmap for human success’ as they represent a holistic approach to development from different developmental angles even at national level.²⁰⁴

There are eight MDGs that 192 member countries have agreed to achieve by the year-end 2015.²⁰⁵ These goals include reducing extreme poverty, fighting disease epidemics such as HIV/AIDS²⁰⁶ and creating a GPD. MDG8 is the main goal at the heart of WTO since AfT initiative is concerned with building a GPD.²⁰⁷ However, the MDGs only outlines the objective and outcomes but does not indicate anything about how these outcomes should be achieved, and is left to different governments to decide on the policies and actions for the fulfillment of these objectives.²⁰⁸ WTO has been at the forefront to make sure that developing countries increase their participation in international trade.²⁰⁹ Therefore, WTO is so much connected with the UN MDG and WTO strive through its initiative of AfT to increase international participation for developing countries, which will in turn reduce poverty, which is one of the targets for the MDGs.

Even though, all the MDGs are important MDG8 is regarded at the center of the MDGs because it is born based on the assumption that for developing countries to achieve their MDGs there was a need to create conditions that will facilitate their attainment come 2015.²¹⁰ This entails that WTO needs to create market access for developing countries in order for these countries to achieve their MDGs by end of 2015. Thus, MDG8 has been regarded as the ‘precondition for achieving all the other MDGs.’²¹¹

²⁰³ D Hulme ‘The Millennium Development Goals (MDGs): A Short History of the World’s Biggest Promise’, BWPI Working Paper 100 September 2009 available at <http://www.bwpi.manchester.ac.uk/resources/Working-Papers/bwpi-wp-10009.pdf> accessed on 21 June 2013 pg 23.

²⁰⁴ MDG in Zimbabwe (note 202 above).

²⁰⁵ The WTO and the Millennium Development Goals available at http://www.wto.org/English/thewto_e/mdg_e.htm accessed on 21 June 2013 .

²⁰⁶ Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome.

²⁰⁷ The WTO and the MDG (note 205 above).

²⁰⁸ MDG in Zimbabwe (note 202 above).

²⁰⁹ The WTO and the MDG (note 205 above).

²¹⁰ MDG (note 7 above).

²¹¹ MDG (note 7 above).

MDG8 is made up of six targets, showing that WTO recognizes that open and free trade is an important tool for development because “for trade to deliver real economic growth effectively it needs to be ‘open, rule based and non-discriminatory’ as recognized in Target A.”²¹² WTO has acknowledged that developing countries face more challenges as compared to developed countries in trying to reach international market though some preference has been afforded to the former.²¹³ For example developing countries enjoy open markets at international markets, which means no tariff, are charged on their products. This is what Target B of MGD8 entails. Target E focuses on providing affordable medicine in developing countries.²¹⁴ Poor technology has been an obstacle for developing countries to fully benefit from the international markets and was partly addressed under Target F, as WTO is committed to increase flows of technology to developing countries.²¹⁵

3.4.2 AFT and MDG8

AfT initiatives was established with the aim of helping developing countries overcome their supply-side constraints which include tariff and non-tariffs barriers. Thus providing assistance for capacity building which is one of the indicators that measure progress towards the achievement of MDG8, thus AfT has a supportive role to play in the realization of the MDGs.²¹⁶ The relationship between AfT and UN MDG8 ensures that developed countries are given the necessary assistance so as to achieve their MDG8 by 2015.

The Global and National MDG progress is measured yearly by the UN Secretary General through an annual report to the UN General Assembly with ‘data selected from indicators and aggregated at global and regional level.’²¹⁷ However, there is great concern on the lack of adequate sources in some developing countries data, which are used to compile these reports. Thus, these reports are based on assumptions and not correct data and it is difficult even for the

²¹² MDG (note 7 above).

²¹³ MDG (note 7 above).

²¹⁴ Report on progress in achieving the Millennium Development Goals in Africa, 2013 available at http://www.uneca.org/sites/default/files/document_files/report-on-progress-in-achieving-the-mdgs-in-africa.pdf accessed on 05 March 2013 .

²¹⁵ MDG (note 7 above).

²¹⁶ WTO (note 1 above).

²¹⁷ MDG in Zimbabwe (note 202 above).

donors to rely on these reports when they want to provide financial assistance to developing countries. This has slowed the progress for developing countries to achieve their MDGs within the stipulated time. All member countries are obliged to compile and submit periodic updates based on national sources to the UN General Assembly highlighting their progress in achieving their targets.²¹⁸ However, these periodic updates depend solely on available resource and sources. In the absence of national sources, updates will be based on international sources.²¹⁹ There is a great possibility that the updates based on international sources might be biased and not reflect the accurate progress of that particular country.

Member countries have agreed on different actions in an effort to achieve these MDGs. As for developed countries, they must provide more effective aid, faster, cheaper debt relief and fairer trading rules so that the developing countries might achieve their MDG8.²²⁰ However, under MDG8 there is no list of specific time-round targets, which makes it difficult to keep record of all the progress and trace the progress that has been made thus far under MDG8.²²¹

The MDGs have been criticized, as they are more general and have been interpreted as a global one size fits all development and there is lack of ownership at national and international level.²²² This has contributed to less success especially in MDG8 since it does not have time round targets. They had also been criticized for focusing on one target at the expense of the others. It has been stated that the MDGs²²³

“[D]isproportionately focused on social indicators, at the expense of employment creation and the productive sectors, thus creating a tension between desired outcomes and sustainable economic development, for example, in most developing countries some sectors depend heavily on donor assistance such that the improved performance of HIV/AIDS indicators would largely be due to donor support.”

²¹⁸ Ibid.

²¹⁹ Ibid .

²²⁰ What will it take to achieve the Millennium Development Goals available at <http://uncdf.org/gfld/docs/mdg-assessment.pdf>

²²¹ MDG in Zimbabwe (note 202 above).

²²² WTO (note 1 above).

²²³ MDG in Zimbabwe (note 202 above).

It can be argued that the UN MDGs has been aimed at reducing poverty in developing countries. The most important MDG is the MDG8 because it is regarded at the center of the MDGs. AfT initiative was aimed at helping developing countries in achieving their MDG8. Even though some people believed that AfT has been an essential tool for developing countries to achieve their MDG8 a lot needs to be done. AfT has not done enough in helping developing countries realize their MDG8. Regardless of the criticisms, the UN MDG has succeeded in changing the lives of the vulnerable and marginalized people in the community.²²⁴

3.5 CONCLUSION

In a nutshell, AfT was aimed at assisting developing countries to increase exports of goods and services, integrate into the MTS, help facilitate, implement, and adjust to trade reform and liberalization, assist regional integration and assist smooth integration into the world trading system. Based on the subsequent global reviews that have taken place, it can be noted that AfT has failed in reaching its target because since it failed to create a favorable domestic business environment for developing countries to fully benefit from international trade. More so, it failed to educate the developing countries governments on the importance of trade as a tool for development so that they will priorities it. AfT has failed in assisting with the integration of developing countries into MTS, helping developing countries in achieving their MDG8, in facilitating the mobilization of international resources to address developing countries needs and developing a GPD and failed to establish market access for developing countries. The next chapter will critically analyze to what extent AfT has helped Zimbabwe as one of the developing countries.

²²⁴ Ibid.

CHAPTER 4

4 CASE STUDY: ZIMBABWE

4.1 INTRODUCTION

WTO is one among the largest and long-standing MTS that have been established thus far.²²⁵ Many developing countries have joined WTO for political, social and economic reasons. For example, Zimbabwe has been a member of WTO since 1995 and it joined WTO mainly because of economic reasons. During its existence, WTO has established many initiatives, which include the AfT, which was established specifically for helping developing countries (like Zimbabwe) to integrate into MTS and reap the benefit thereof.

The AfT initiative was initiated in 2006 with the aim of helping developing countries overcome trade related constraints.²²⁶ For countries facing a number of trade related challenges, assistance in the form of AfT is crucial for them to be able to not only participate in the MTS but also ensure their development.

Therefore, this chapter intends to provide a detailed analysis firstly, on whether or not AfT has helped Zimbabwe as one of the developing countries. Secondly, provide reasons why Zimbabwe joined AfT. Thirdly, whether Zimbabwe have benefited thus far. Thus, as means of providing appropriate answers to these questions, the chapter will firstly, focus on the developmental status of Zimbabwe to see the different sectors that can help the trading capacity of Zimbabwe if properly managed and funded. Secondly, looking at Zimbabwe rationale for joining the AfT will

²²⁵ WTO was established in 1995 and before that it was called GATT.

²²⁶ Aid for Trade available at http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm accessed on 21 September 2013.

carry out an analysis of the case study; the advantages and disadvantages the country has accrued thirdly, whether AfT has been instrumental in helping Zimbabwe achieve its MDG8.

4.2 DEVELOPMENT STATUS OF ZIMBABWE

Zimbabwe has been classified as a developing country since it gained its independence on the 18 April 1980.²²⁷ Zimbabwe's economy used to rank second after South Africa in Southern Africa.²²⁸ However, recent political developments have affected the fast growing economic status of the country. This was very much observed in the country's major industries, which inadvertently absorbed the negative political attention, which ensued the country in the past years. Zimbabwe's economy is made up of mining, agriculture, construction and manufacturing industry and its diversified economy calls for an active participation in all trade negotiations as every outcome from these negotiations will negatively or positively affect its economy.²²⁹ This is so, because, most of the resolutions taken in the WTO meetings applies to all members and creates obligations and duties.

However, the country's fast growing economy was affected by a number of problems, which include high unemployment level and low export growth.²³⁰ In order to deal with these problems, in 1990 Zimbabwe introduced a new trading strategy named Economic Structural Adjustment Policy (ESAP) which was meant to increase economic growth, which will reduce unemployment rate and ultimately result in poverty reduction with its core objectives including macroeconomic policy reform, trade liberalization and deregulation.²³¹ This policy was successful in some area of liberalization, however, there was need for active intervention in areas of public enterprise and fiscal rationalization which led to the formation of the Zimbabwe Programme for Economic Structural Transformation (ZIMPREST).²³² ZIMPREST focused on finishing the unfinished business of ESAP. The main aim behind government's effort in launching these plans was to

²²⁷ Zimbabwe is a fairly young developing country with a population of about 13 million people. It gained its Independence from Britain in April 1980 after a prolonged war of liberation.

²²⁸ R Hess 'Zimbabwe Case Study on Trade Negotiations' Working Paper October 2001 available at www.odi.org.uk/resources/docs/4735.pdf accessed on 21 June 2013 pg 7

²²⁹ Ibid 7.

²³⁰ T Mumvuma et al 'Understanding Reforms: The Case of Zimbabwe, A research Proposal Submitted to the Global Development Network' available at http://depot.gdnet.org/cms/grp/general/Zimbabwe_proposal.pdf accessed on 21 September 2013 pg 4.

²³¹ Hess (note 228 above; 11).

²³² Understanding Reforms: The Case of Zimbabwe, A research Proposal Submitted to the Global Development Network available at http://depot.gdnet.org/cms/grp/general/Zimbabwe_proposal.pdf accessed on 21 September 2013 pg 7.

assist the country in creating an environment that would enable trade liberalization. It has to be noted that these plans were launched at the time when trade liberalization was the main issue of WTO this suggest that Zimbabwe was carrying its obligation under WTO.

Furthermore, the developmental status of Zimbabwe was mostly affected when the government, “overvalued and pegged Zimbabwean dollar which led to severe foreign currency shortages also the government’s continuous borrowing from the banking sector has spearheaded inflation and interest rates to an unprecedented level.”²³³ The government however, later in February 2000 tried to reduce the inflation rate and poverty through the introduction of the Millennium Economy Recovery Plan (Plan) but this was not implemented and it was not clear whether this would have produced the intended results.²³⁴ The Plan was aimed at reducing high inflation so as to create a conducive environment for low interest rates, which will help in alleviating poverty. Thus, the Plan wanted to create an atmosphere for foreign investment, which will help, in creating stable income. The failures to implement the aforementioned Plan might be attributed to lack of efforts from government sectors, as there were differences within government on how to move forward in addressing the economic crisis that had hit the country negatively.²³⁵ The plan would have been useful to Zimbabwe in its road to economic recovery if it was implemented and properly managed as it was going to re-build confidence of the international community thereby bringing foreign investments.

Despite the above mentioned constraints, Zimbabwe accessed market for certain goods on European Union (EU) markets by being a member and beneficiary of some agreements like the African Caribbean and Pacific countries (ACP) – EU agreements.²³⁶ On the international trade regional level, Zimbabwe has been active member of the COMESA²³⁷ and SADC²³⁸. Zimbabwe has concluded bilateral agreements with countries like Namibia, Botswana and Malawi which

²³³ Hess (note 228 above; 10).

²³⁴ Ibid 10.

²³⁵ Ibid 10.

²³⁶ C Manyeruke *The World Trade Organization and Developing Countries: A case of Zimbabwe* (published LLD thesis, University of Zimbabwe Institute of Development Studies, 2007 pg 168.

²³⁷ Zimbabwe becomes a member of COMESA on 21 December 1981.

²³⁸ Zimbabwe is a founding member of the SADC (1992) a predecessor of SADCC (1980).

allow goods grown, manufactured or produced in Zimbabwe to enjoy duty free in the importing countries and those goods from exporting countries enjoys the same privileges as well.²³⁹

However, despite its membership to the above bilateral and regional agreements, Zimbabwe has been faced with many economic challenges. In 2000 Zimbabwe engaged in Land Reform Programme, known as (Third Chimurenga), which was in favor of indigenization, many developed countries, which resulted in them withdrawing their financial support, criticized this.²⁴⁰ This resulted in high inflation rate and unemployment level. In order to address some of these challenges, in February 2009 the country introduced US Dollar as its legal tender in order to curb against high inflation.²⁴¹ It appears as though this has yielded some positive results towards microeconomic stabilization though the country is still faced with high unemployment rates, poverty and unpaid foreign debts.²⁴²

As alluded to in the above paragraph, due to socio-political problems Zimbabwe lost major funding from its lenders and donors, also their relations remains hostile even as of today.²⁴³ This has affected development in Zimbabwe and it is reported that no major development assistance has been implemented since 2000.²⁴⁴ On the other hand, the TPR on Zimbabwe shows that, “Zimbabwe has benefited from AfT in the context of a regional project under COMESA the Chirundu Open Boarder Post Project.”²⁴⁵ This project will be discussed in detail later in the chapter. So one can note that the socio-economic reasons has been a hindrance for Zimbabwe to fully benefit from the international community as it failed to receive major developmental assistance.

²³⁹ Bilateral Trade Agreements available at http://www.zimra.co.zw/index.php?option=com_content&view=article&id=1859:bilateral-trade-agreements&catid=21:did-you-know&Itemid=91 accessed on 22 September 2013.

²⁴⁰ Zimbabwe Globalization, Liberalization and Sustainable Human Development: UNDP/UNCTAD Country Assessment Report pg 43.

²⁴¹ Trade Policy Review: Zimbabwe, Secretariat Report 14 September 2011 available at http://www.wto.org/english/tratop_e/tpr_e/s252_sum_e.pdf accessed on 15 August 2013.

²⁴² Ibid.

²⁴³ Ibid.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

4.3 CASE STUDY

Zimbabwe being a member of WTO is under obligations and duties to establish obligatory institutional as well as legal mechanisms so that the country will fully benefit and participate in international trade. These obligations include enacting domestic laws, which conform to WTO agreements.²⁴⁶ However, due to lack of proper and adequate resources developing countries like Zimbabwe battles in an effort to implement some of the agreements under WTO. In addition, Zimbabwe is a member of the G-20 which focuses on increasing market access and total removal of all types of export subsidies.²⁴⁷

Most developing countries Zimbabwe included were not prepared for trade developments that took place during the Uruguay Round.²⁴⁸ This was evidenced by the bad publicity that Zimbabwe's representatives received during the Uruguay Round (1994) and Singapore Ministerial conferences, as they were so much criticized for signing Uruguay Round without proper consultation with the civilians.²⁴⁹ Lack of experienced people who could understand and interpret the meaning and consequences of the Uruguay Round might be another reason why Zimbabwe was not fully prepared for these developments.²⁵⁰ Hess²⁵¹ states that the business people in the Zimbabwe who were going to be affected by these developments showed little or no interest at all. As a result, Zimbabwe like many developing countries was just following into the shoes of the developed countries, which were dominating the negotiations process. However, as the negotiations took much longer than expected Zimbabwe representatives improved their negotiating skills by involving the private sector as well as involving their key areas of interest likes agriculture but nothing much did change the outcome.²⁵² Zimbabwe like many other developing countries lacked negotiating powers and ended up agreeing to all what the powerful developed countries did propose.

²⁴⁶ Hess (note 228 above; 22).

²⁴⁷ WTO, Trade Policy Review by Zimbabwe available at http://www.wto.org/english/tratop_e/tpr_e/tp352_e.htm accessed on 15 August 2013.

²⁴⁸ Hess (note 215 above; 29).

²⁴⁹ Manyeruke (note 236 above; 122).

²⁵⁰ Hess (note 228 above; 29).

²⁵¹ Ibid 30.

²⁵² Manyeruke (note 236 above; 177).

In 2001 United States of America (USA), EU, Canada and Australia together with their allies imposed sanctions on Zimbabwe and this has impacted negatively on its economy resulting in high inflation and unemployment rates.²⁵³ As a result, the economic status of Zimbabwe has been affected, and since then the country has been struggling to make it into the economic world because of these economic sanctions, which have hampered economic progress. This forced Zimbabwe to look for ways for self-improvement so as to create employment and help the economy from not suffering from too much 'external shocks in the global economy.'²⁵⁴

Zimbabwe has faced a number of challenges, which have negatively impacted its capacities in international trade negotiations. This has resulted in the country failing to reap the full benefits of joining the MTS, for example, telecommunication infrastructure has remained one of the biggest challenges hindering the country from investments and expansion. The introduction of cellular telephones made a positive impact but the long waited solution to the telecommunication infrastructure problem short-lived due to theft and poor maintenance caused by lack of funds.²⁵⁵ Zimbabwe had excellent transporting infrastructure in the region but due to lack of proper maintenance the road network has deteriorated significantly.²⁵⁶ This has affected the transportation industry, which has affected the country's participation in international trade.

4.3.1 Zimbabwe rationale for joining the Aid for Trade

Reasons for joining AfT initiative vary and they range from political to economic depending on the special needs of that particular country. Zimbabwe's main aim was to integrate into the world economy and reap the benefits thereof. This was also one of the aims of AfT, which was to further integrate developing countries into the MTS. Also by joining WTO, the country will attract foreign investment, which will in turn contribute to economic growth thereby, reducing unemployment level as well as poverty.²⁵⁷

²⁵³ WTO, Trade Policy Review by Zimbabwe (note 247 above).

²⁵⁴ Ibid

²⁵⁵ Hess (note 228 above; 8).

²⁵⁶ Ibid 8.

²⁵⁷ Evenett & Braga (note 92 above; 231).

It is believed that trade is a very essential tool for economic growth and this growth has positive results in alleviating the living standards of the marginalized people from poverty-stricken lives. Developing countries face internal as well as external barriers, which if removed these countries might play an active role to their full capacity in the MTS so that they reduce poverty and contribute to economic growth.²⁵⁸ These are some of the reasons why Zimbabwe had to join the AfT initiatives. AfT was an essential tool, which was needed in Zimbabwe in order to increase trade policy and regulation by increasing participation in negotiations and implementations and also to develop economic infrastructure.²⁵⁹ If all these factors are well monitored they will harness trade and help Zimbabwe to increase its trading capacity, which will go a long way in helping the country to achieve MDG8.

Moreover, Zimbabwe has a low capacity to produce and trade; this has affected and reduced its competitiveness in international markets.²⁶⁰ This is one of the many reasons why Zimbabwe had to join the AfT initiative so as to competitively participate in international markets through the assistance it will receive from AfT. This will help the country to build its trade capacity so that it will benefit from already established and new international markets.²⁶¹ Thus, Zimbabwe joined the AfT initiatives so as to gain both market access as well as market penetration as the former deals with tariff as well as non tariff conditions agreed by member states for the entry of specific goods whilst the latter entails the volume of sales of a particular product in a given market.²⁶²

²⁵⁸ Presentation- Aid for Trade-World Trade Organization available at www.wto.org/english/tratop_e/devel_e/a4t_e/what_why_how_e.pps accessed on 26 August 2013.

²⁵⁹ Ibid.

²⁶⁰ RTTP (note 3 above; 4).

²⁶¹ The World Trade Organization, 'Aid for Trade' (2012) available at http://www.wto.org/english/tratop_e/dda_e/aid4trade_e.htm accessed on 26 August 2013.

²⁶² W O Durosaro 'The merits of the merger of Aid and Trade into a single initiative under the auspices of the World Trade Organization and likely challenges' (2013) 2 *Asian Journal of Social Sciences & Humanities* 18,20.

4.3.2 Advantages and Disadvantages of Joining AfT

Advantages

One of the significant successes of AfT thus far has been the programme, which was launched by the Tripartite with the support of RTFP²⁶³, which was the Pilot AfT North-South Corridor Programme.²⁶⁴ It is an infrastructural programme aimed at time and cost reduction in transportation with the aim of improving market access conditions and increasing competition to regional as well as international products.²⁶⁵ In regional and international levels, trading time is of essence thus, this can be seen as a great achievement to some extent as “the corridor connects Zambia and Democratic Republic of Congo’s copper belt to ports in Tanzania, Mozambique and South Africa, passing through Malawi, Botswana and Zimbabwe.”²⁶⁶ It can be noted that Zimbabwe together with other developing countries are benefiting significantly from these initiatives. This has had far reaching positive consequences in helping developing countries overcome their supply-side constraints like infrastructure and customs delay that hinders them from fully participating in international trade thereby negatively impacts on their economic status.

The North-South Corridor has established One Stop Boarder Post (OSBP) in an effort to reduce delays at boarder post. One of the OSBP is the border between Zambia and Zimbabwe at Chirundu, which has seen Zimbabwe benefiting significantly from this initiative.²⁶⁷ This has been to the advantage of Zimbabwe since delays at border crossings has been costly and delays means more time is wasted which can be invested in other value-adding activities, not forgetting that time is of essence especially in international trade.

The launch of the OSBP was a positive step towards addressing the problems faced by women traders, as they are constantly victims of corruption and sexual harassment and abuse due to the delays at the border crossing. A research that was done shows that “in many countries rural

²⁶³ Regional Trade Facilitation Programme.

²⁶⁴ RTTP (note 3 above; 8).

²⁶⁵ Ibid 8.

²⁶⁶ Ibid 8.

²⁶⁷ Ibid 9.

women spend 30% of their income on transport and much of their time thus reducing their ability to invest in more value-adding activities.”²⁶⁸ However, the hopes raised by OSBP were short lived because of lack of proper internal monitoring of how these traders are treated on daily basis which has resulted in traders complaining about the same problems which existed before the initiative was launched.

Another benefit which was brought by the OSBP programme was the reduction of HIV/AIDS. Addressing the problems of delays at the boarder crossing has been linked to reduction in sexually transmitted diseases. The more the days the truck drivers spent at the border crossing the higher the chances they get involved with multiple sexual partners who will be loitering at the border post due to high unemployment levels. These truck drivers put their lives on risk of contracting sexually transmitted diseases. In an effort to deal with all these life-threatening activities the RTFP established two wellness centers for the provision of low-cost, low-maintenance primary health care along with HIV/AIDS prevention activities.²⁶⁹ This was one of the advantages that Zimbabwe did accrue from the OSBP programme as an initiative of AfT.

During the period of 2011 Zimbabwe did receive limited aid from the traditional donors and agencies as the country was going through economic upheaval, which in turn affected its relationship with the international community.²⁷⁰ This affected the country’s participation in the WTO as AfT has been suspended due to the imposed sanctions. As it was noted before some developed countries imposed these sanctions as a way of not approving the Land Reform Programme which was believed to be violent. Nevertheless, Zimbabwe only received humanitarian aid, as AfT was not directed to Zimbabwe specifically but through institutions like COMESA and SADC and this was directed to regional integration programmes for trade facilitation.²⁷¹ Zimbabwe did benefit from AfT initiatives through WTO national and regional workshop as WTO established two reference centers in the Ministry of Industry and Commerce

²⁶⁸ The Gender Dimension of Enhanced Integrated Framework available at http://www.intracen.org/uploadedFiles/intracenorg/Content/About_ITC/Where_are_we_working/Multi-country_programmes/Women_and_trade/The%20gender%20dimension%20of%20EIT.pdf accessed on 31 August 2013.

²⁶⁹ RTTP (note 3 above; 10).

²⁷⁰ Trade Policy Review by Zimbabwe (note 241 above).

²⁷¹ Ibid.

and at the University of Zimbabwe.²⁷² This serves to show that even though Zimbabwe was excluded from active participation as well as benefiting from AfT, it did benefit to some extent although one can conclude that this was not enough.

Disadvantages

Zimbabwe is among developing countries that have benefited from the AfT initiatives but not to the extent that it wanted and anticipated. Most of the supply-side constraints that AfT was established to address in order for developing countries to fully participate in international markets and achieve their MDG8 still persist. Thus, even though problems like market access is a still a challenge in most developing countries, in Zimbabwe there are other behind the border constraints which include high transport costs which were meant to be addressed by the AfT but they still exist.²⁷³ The following paragraphs will explore the disadvantages or failure of AfT in Zimbabwe.

Zimbabwe as a landlocked developing country depends on the infrastructure of other countries like South Africa and Mozambique.²⁷⁴ This has proven to be a hindrance to Zimbabwe to fully benefit from and participate in international trade because it has been facing high transporting costs, delays at the border post as well as delays in loading and off-loading containership as some of the work is done manually. As a result the country does not completely yield the much-anticipated profits from its products. AfT has not yet addressed this problem fully so that Zimbabwe will accrue the intended profits and use those profits for economic growth and reduction of poverty.

More so, Zimbabwe has been faced with the problem of late implementation of WTO outcomes because of lack of adequate resources. Also, the country was unable to participate fully in the

²⁷² Trade Policy Review by Zimbabwe (note 241 above).

²⁷³ RTTP (note 3 above; 6).

²⁷⁴ Wiig (note 15 above; 8).

WTO negotiations and agreements due to limited resources and distinguished experts.²⁷⁵ So it seems that AfT has failed to these problems. Despite extension given to developing countries to align their economies so as to keep pace with the ever-changing trade regime, Zimbabwe is still behind.²⁷⁶ If these trade regime were properly managed and fully implemented on time Zimbabwe would have reaped the undoubted benefits flowing from the MTS thereof.

Another disadvantage that Zimbabwe has faced is the lack of stakeholder's active participation. In an update on preparation for Seattle (1999) that was given by Ambassador Chidyausiku the Permanent Representative of Zimbabwe in Geneva, he highlighted that the future and success of Zimbabwe as a trading nation depends highly "on all stakeholders collective ability to face challenges and take advantage of the opportunities offered by a rule-based [MTS]."²⁷⁷ Thus, the private sector including civil groups, academia and all other interested parties should fully participate and the active participation should not be left to the government alone. However, the AfT initiatives have been unsuccessful in mobilizing the private sectors. In an open floor discussion in the same meeting the private sector complained that there were serious communication gaps between those representatives in Geneva and stakeholders in Harare as they feel that there was no continuous briefing on the new issues raised within the WTO.²⁷⁸ This may be attributed to lack of sufficient funds, as the country does not have the available resources to ensure that they are well represented at Geneva.²⁷⁹ This is an urgent matter which needs to be addressed by the AfT initiatives so that all sectors participate so as to benefit from the MTS.

It is also important to note that for aid to be effective it has to be handed over to relevant parties or appropriate officials and that such persons use it for the intended purpose. A particular lesson from AfT literature shows that those countries that are in dire need for AfT make the mistake of

²⁷⁵ What are Zimbabwe's concerns and interests?- Teil 2 available at <http://library.fes.de/fulltext/bueros/simbabwe/01055001.htm> accessed on 15 August 2013.

²⁷⁶ Ibid.

²⁷⁷ What are Zimbabwe's concerns and interests? (note 275 above).

²⁷⁸ Ibid.

²⁷⁹ "Sometimes there are six meetings going concurrently so we have to target which one to attend," says Chifamba. That is where the confusion starts.

diverting the funds from the intended purpose, should not receive the funds.²⁸⁰ Thus, those countries, which can misuse the funds mainly due to high corruption level, political instability should not receive it.²⁸¹ This might be a valid explanation why Zimbabwe has not benefited much from AfT initiatives since the top officials are believed to be so much corrupt to the extent that they can deviate the funds for personal gains.

Thus, one can argue that high levels of corruption (as was mentioned in the above paragraph) affected progress in Zimbabwe. Excessive corruption will lead to bribes, which in turn will not only add costs and uncertainty but also increase delays.²⁸² It has been stated that, “when a businessman must spend their time courting government approvals through bribery or other means, essential time of managers is diverted from the requirements for successful exporting.”²⁸³ This on its own has affected the country negatively since time is of essence in business, which might explain why Zimbabwe failed to accrue some tangible benefits from the AfT initiatives because of excessive corruption and bribes. Thus, Zimbabwe’s own actions in some instances are to blame for its failure to benefit from AfT especially in instances of excessive corruption among the top officials.

Even though, efforts have been made by WTO through the AfT initiative to remove non-tariff as well as tariff measures so that developing countries could access international markets, the problem for international competitiveness does not lie into market access but most probably in the sanitary standards of the products. Sanitary standards are believed to be new barrier for agricultural products.²⁸⁴ Thus, Zimbabwe has suffered significantly from these new non-tariff measures of sanitary standards and little has been done by the AfT initiatives to actually lessen the burden. These sanitary standards imposed by developed countries are meant to discriminate against the products from developing countries, which in turn has affected many developing countries. As a result, products from developing countries fall short of the standard required by

²⁸⁰ Gamberoni & Newfarmer (note 189 above; 20).

²⁸¹ Ibid 20.

²⁸² A O Krueger ‘ AID FOR TRADE’ Keynote Address for OECD Workshop “Aid for Trade Implementation” available at <http://www.oecd.org/trade/aft/47460701.pdf> accessed on 26 August 2013 pg 9.

²⁸³ Ibid 9.

²⁸⁴ Kirchbach& Mimouni (note 124 above).

the developed countries mainly because these countries do not even have experts as well as resources to help them in meeting these standards.²⁸⁵

4.4 ZIMBABWE AND THE MILLENNIUM DEVELOPMENT GOALS 8

Zimbabwe as a member of the United Nations has signed the Millennium Declaration, which are to be achieved by 2015 and it is supposed to provide periodic progress updates.²⁸⁶ This section will analyze the latest report submitted by Zimbabwe and assess to what extent the AfT has helped Zimbabwe in achieving its MDG8. A critical assessment of all the MDGs has been assessed but for the purpose of this dissertation only a focus on MDG8 is provided.

MDG8 focuses on developing a global partnership for development and it has some targets, which Zimbabwe has been targeting. Under Target 12 for developing further open, rule based, predictable, non-discriminatory, trading and financial system the report indicated that total trade to Growth Domestic Product ratio is 0,92.²⁸⁷ Under Target 14 which is meant to address the special needs of the country's landlocked status the report indicated that the cost of transport per kilometer -2010 projections are rail \$0.01, road 0.02 and air 0,03.²⁸⁸ Under Target 15 which focuses on dealing comprehensively with the debt problem, it is stated that the total debt as a percentage of Growth Domestic Product was 162%.²⁸⁹ Under Target 17 which focus on pharmaceutical companies, provide access to essential drugs it states that 60% of the population have access to essential drugs in all hospitals and healthcare centers and Target 18 which focus on cooperation with the private sector to make available the benefits of new technology especially those relate to information and communication it states that 65 personal computers per 1 000 people.²⁹⁰ These statistics are based on the latest data available.²⁹¹ These figures shows

²⁸⁵ 'Product Quality: A guide for small and medium-sized enterprises' Working Paper 2006 available at http://www.unido.org/fileadmin/media/documents/pdf/tcb_product_quality.pdf accessed on 03 March 2014.

²⁸⁶ MDG in Zimbabwe (note 188 above).

²⁸⁷ Fast Facts Millennium Development Goals available at <http://www.undp.org/content/dam/undp/library/corporate/fast-facts/english/FF-Millennium-Development-Goals.pdf> accessed on 27 August 2013

²⁸⁸ Ibid.

²⁸⁹ Ibid.

²⁹⁰ Ibid.

²⁹¹ Zimbabwe's Latest MDG Progress Report Released available at

that Zimbabwe is moving in the right direction but the question to be asked is whether this is enough and whether with this pace will Zimbabwe be able to achieve its MDG8 come 2015.

Sanctions, which were imposed on Zimbabwe by developed countries, have led to the country experiencing high inflation rate, which in turn has caused Zimbabwe not to meet its debt obligations, and this has forced many developed countries to withdraw their financial assistance.²⁹² The road to economic recovery for Zimbabwe remains fragile mainly because of economic sanctions that still threaten its economy as well as poor interaction with the international community.²⁹³ Subsequently, AfT initiative has failed to mediate the positive way forward between the donors and the recipient for the benefit of the latter. This in turn, has affected Zimbabwe progress in achieving its MDG8 as it now depends on the dilapidated internal resources as well as humanitarian aid, which are not enough for assisting the country in achieving its MDG8.²⁹⁴ Zimbabwe as a country has failed to ensure a political and economic safe environment, which would encourage foreign investment and other forms of assistance from other countries or donors.

In an effort to improve its regional strategic partnership Zimbabwe has concluded bilateral agreements as well as joining worldly recognized organization like COMESSA, SADC and WTO Protocols.²⁹⁵ This has helped Zimbabwe in accessing regional market access and not much of international markets though. The active involvement of Zimbabwe is very much encouraged, as it is part of its target for the achieving the MDG8. Zimbabwe has also been part of the negotiating teams for Economic Partnership Agreements (EPAs), which will help in poverty reduction as well further integration of developing countries like Zimbabwe into the international economy.²⁹⁶ Regardless economic challenges, Zimbabwe explored some avenues of trying to achieve its MDG8 by making partnership with other African countries that are not under economic sanctions. However, Zimbabwe has failed to take advantage of the Free Trade

<http://www.undp.org.zw/millennium-development-goals/goal-eight-global-partnership/370-zimbabwes-latest-mdg-progress-report-released> accessed on 27 August 2013.

²⁹² Fast Facts MDG (note 287 above).

²⁹³ Zimbabwe 2012 Millennium Development Goals Progress Report available at *<http://www.undp.org.zw/media-centre/publications/18-other-publications/375-2012-zimbabwe-mdg-report>* accessed on 29 August 2013, pg 67.

²⁹⁴ Ibid 65.

²⁹⁵ Ibid 65.

²⁹⁶ Ibid 66.

Area of SADC mainly because the “manufacturing sector [which] continues to face supply-side challenges due to low capacity utilization and high cost of utilities and electricity load shedding.”²⁹⁷

In terms of developing technology related to information and communication Zimbabwe has made a significant growth and it remains on top of most developing countries as the mobile network did rise in 2010 by 40%.²⁹⁸ The two network providers Econet Wireless and Telecel have been on the forefront in providing the best services including internet to their subscribers. Econet Wireless has launched the Africa’s first Long Term Evolution (LTE) networks also known as 4G which was launched in Victoria Falls during the jointly hosted United Nations Tourism Organization (UNWTO) general assembly.²⁹⁹ It is believed that this form of technology is the fastest in cellphone internet usage.³⁰⁰ This shows that, Zimbabwe is keeping pace with technological development in the world as this kind of technology is not yet available in most European and Asian countries.³⁰¹ In another positive developments another company called Liquid Telecom³⁰² is believed to be

“the first telecoms firm to deploy a cross boarder cutting edge transmission technology called Dense Wavelength Division Multiplexing (DWDM) in Zimbabwe, it is the latest technology responsible for transporting extremely large amounts of data traffic over metro or long distances in Telecoms networks.”

This had been a great achievement, which deserve mentioning, and applause.

The government of Zimbabwe has tried to establish a supportive environment for aid effectiveness through the establishment of Aid Coordination Policy (ACP), the launch of the mid-term plan 2011-2015 (MTP), establishment of the Zimbabwe United Nations Development Assistance Framework (ZUNDAF), establishment of Zimbabwe Accelerated Re-engagement

²⁹⁷ Ibid 68.

²⁹⁸ Fast Facts MDG (note 287 above).

²⁹⁹ Econet Launches 4G World’s Fastest Cellphone Internet Network available at <http://www.myzimbabwe.co.zw/technology/it-news/6513-econet-launches-4g-world-s-fastest-cellphone-internet-network.html> accessed on 27 August 2013.

³⁰⁰ Ibid.

³⁰¹ Ibid.

³⁰² Ibid.

Programme (ZAREP) among others.³⁰³ The ACP was aimed at enhancing aid effectiveness and accountability.³⁰⁴ The MTP was aimed at “providing a coherent framework for supporting the restoration of economic stability and growth in Zimbabwe driven by a common development agenda.”³⁰⁵ This shows that the country is trying its best in creating a conducive environment for the achievement of its MDG8.

Zimbabwe has been channeling all its efforts in the achievement for MDG8 since AfT has failed to provide financial assistance in helping Zimbabwe to achieve its MDG8. The ZUNDAF was launched so as to focus on “providing the government and the United Nations in Zimbabwe with a flexible framework that can respond and adapt to the evolving national context.”³⁰⁶ This will go a long way in supporting development at national level in an effort to help the country achieve its MDG8. As if this was not enough, Zimbabwe did establish yet another programme the ZAREP which was aimed at “facilitating faster re-engagement with development partners on policy issues and it will be a stepping stone towards arrears clearance, debt relief and new financing from the international community.”³⁰⁷ This was all done in an effort to find new strategies to deal with the debts that Zimbabwe owed to the international community so that it will be back on its own feet again in terms of its creditworthiness. Thus, even though AfT has failed to help Zimbabwe in achieving its MDG8 the country has not lost all hope that it could achieve its MDG8 by 2015 evidenced by all these efforts.

Zimbabwe has been faced with a big problem of accessing essential medicine due to high price yet the country is in financial need and yet financial assistance from many institutions has been withdrawn. Trade-Related Aspects of Intellectual Property Rights Agreements the WTO has put in place certain standards for protection of intellectual property, which includes patents and pharmaceuticals as a result “prohibitive drug prices are often the result of strong intellectual property protection”.³⁰⁸

³⁰³ Zimbabwe 2012 MDG Progress Report (note 293 above; 67).

³⁰⁴ Ibid 67.

³⁰⁵ Ibid 67.

³⁰⁶ Ibid 67.

³⁰⁷ Ibid 67.

³⁰⁸ Ibid 68.

4.5 ZIMBABWE'S POSITION WITH REGARDS TO TARGET 8A

The 2013 progress report is not yet accessible but according to the 2012 report Zimbabwe is most likely not achieve MDG target 8A-8F because of the problems that have been highlighted above. However on a positive note it is believed that the country can manage to achieve MDG target 8E-8F. Reasons for failing to achieve these targets is attributed to serious economic challenges that the country has suffered which in turn has affected its capacity to remain competitive in regional as well as international markets.³⁰⁹ It has been reported that, “As Europe continues to struggle with the sovereign debt crisis and inflation rates increases, the impact has translated into failing official development assistance (ODA) to developing countries.”³¹⁰ Also the developed country imports from developing countries remained unchanged in 2010.³¹¹ Target 8A shows that the international community has realized that trade is an essential tool for development but in order for it to be effective it needs to be ‘open, rule-based, predictable and non-discriminatory’.³¹² However from the discussion in the prior chapters 2 and 3 one can easily deduce that AfT has failed to provide conducive environment with open, rule based, predictable, non-discriminatory trading system for developing countries Zimbabwe included. Thus Zimbabwe is faced with many challenges as it tries to reach international market. So it can be noted that AfT has failed to make sure that developing countries share in the growth in international trade so as to expand their economic development needs.

4.6 CONCLUSION

AfT was launched with the aim of giving development assistance to developing countries so that these countries will benefit from international trade through accessing international markets. Zimbabwe is a member of WTO. However from the above discussion one can safely conclude that Zimbabwe did not benefit from AfT initiatives due to economic, political and social reasons. Thus the country is still in dire need of technical assistance to overcome supply-side constraints

³⁰⁹ Develop a global partnership for development available at

<http://www.undp.org/content/zimbabwe/en/home/mdgoverview/overview/mdg8/> accessed on 05 March 2014

³¹⁰ Report on progress in achieving the Millennium Development Goals in Africa, 2013 available at

http://www.uneca.org/sites/default/files/document_files/report-on-progress-in-achieving-the-mdgs-in-africa.pdf accessed on 05 March 2013.

³¹¹ Ibid.

³¹² Millennium development goals: a global partnership available at

http://www.wto.org/english/thewto_e/coher_e/mdg_e/global_partnership_e.htm accessed on 05 March 2014.

so as to expand its own trade capacity, which will eradicate unemployment and high poverty rates. Also Zimbabwe as a country needs to create a conducive environment that will enable it to receive funds from donors. Zimbabwe has tried to streamline the MDG8 in its own development strategies. However, Zimbabwe is not in a position to attain its MDG8 by end 2015 because the country is not receiving any direct financial assistance from AfT initiatives due to various reasons and it only depends on dilapidated internal resources and humanitarian aid which is not enough. Thus, AfT has failed in helping Zimbabwe in achieving its MDG8.

CHAPTER 5

5 RECOMMENDATIONS AND CONCLUSION

5.1 RECOMMENDATIONS

5.1.1 Introduction

This chapter will make some recommendations for AfT to succeed in achieving the self-set goals, including helping developing countries realize their MDG8. Developing countries have increased in numbers in the MTS but their participation has not changed significantly as they are still crippled with lack of financial resources to fully contribute during the trade negotiations. This shows that WTO need to increase its financial assistance so as to help developing country's participation. Also, AfT has a duty to educate and assist governments to prioritize trade, which is an essential tool for development, and also encourage private sector to get involved.

5.1.2 Multilateral Trading System

Developing countries have managed to further integrate into the MTS, evidenced by an increase of developing countries membership into WTO.³¹³ However, they are still dominated by developed countries regardless of the fact that they are outnumbered by the developing countries. Developing countries need to invest in research because it is not like the developed countries negotiators are more brilliant than those from developing countries but it is mainly due to them engaging in intensive research, which is lacking in developing countries.³¹⁴ Intensive research will enable developing countries to increase their negotiating capacities and enhance their preparedness. Also, WTO should acknowledge the historical background of developing countries that they were excluded in decision-making by developed countries before. Thus, the initiatives must provide resources that will elevate the developing countries negotiating capacity so that they get on an equal footing with their counterparts the developed countries.³¹⁵

³¹³ World Trade Organization has 159 members as of 02 March 2013.

³¹⁴ "It's not that developed countries negotiators are sharper. It's only that there are more prepared because a lot of work has gone into the positions that they are advancing, years of study and statistical data," notes Chifamba.

³¹⁵ Cai (note 21 above; 290).

The problem of developing countries poor representation which has been manipulated by developed countries by prolonging negotiations to further their interest and frustrate developing countries.³¹⁶ It is recommended that WTO need to carefully observe how negotiators use their time during negotiations as they could have a negative impact especially on the developing countries, which are poorly represented. Also there is need for WTO to increase its technical assistance so that they can make sure that every negotiating process is well represented or if a particular decision is passed when the attendance is very low such a decision will need approval of other countries that did not participate before it become binding.

Chifamba³¹⁷ also states that, the threats of cutting aid or other promises made by donors, who are mainly developed countries, are so alarming which will force developing countries to forsake their other own interests or the interests of other African countries and follow the instructions from their donors.³¹⁸ In order to fight against such practices WTO needs to impose greater punishment for any developed countries that will engage in such un-development-centered activities. The punishment could include, suspension or penalties as such action deter progress, which is much needed by the developing countries

5.1.3 Aid For Trade

WTO established the AFT initiative which is aimed among other things at helping developing countries achieve their MDG8. The initiatives is also aimed at providing financial assistance to developing countries to train its staff so that they will engage in meaningful research before they represent and contribute by declaring their countries interests during trade negotiations.³¹⁹

³¹⁶ Trade-Zimbabwe: It's Money, Not Ability, That Counts At The WTO available at <http://www.ipsnews.net/1999/11/trade-zimbabwe-its-money-not-ability-that-counts-at-the-wto/> accessed on 26 September 2013.

³¹⁷ Ibid.

³¹⁸ "You can find that the big powers can go and put pressure in the capitals and during crucial African negotiations some delegations can receive some instructions which are contrary to what we would have agreed as a group. That weakens group cohesion. This is done either through promises of aid or whatever incentives would have been used or threats to cut aid."

³¹⁹ Stiglitz & Charlton (note 148 above; 27).

However the initiative of AfT has not been able to deliver according to developing countries expectations due to factors discussed below.

In order for AfT to achieve the self-set rules there is need for the initiative to mainstream trade into regional and national developmental planning and implementation.³²⁰ Thus, it is essential for developing countries to priorities trade at national level, as so as to be competitive.³²¹ Developing countries also need to take responsibility of their imminent development in the trading industry which is of paramount importance and will ultimately enable them to benefit from international trade. Eminent development, can be achieved through strengthen country ownership.³²² Various donors like the Global Fund to Fight AIDS have used the principle of country ownership as they fund those projects proposed and implemented by local people.³²³ These projects have succeeded and it is most likely that if the same principle is applied to AfT it might succeed as well.

In order for developing countries to reach international markets AfT could focus on providing assistance in form of the multi-donor funded by Standards and Trade Development and Trade Development Facility, which assist developing countries to acquire more in-depth knowledge about standards and ways to fulfill them.³²⁴ Also, there is need for introducing complimentary measures like credit facilities that will enable developing countries to access international markets.³²⁵ Thus, these complimentary measures will help these developing countries to take advantage of already and newly established international markets.

In order to deal with further delays at the border post the developing countries are encouraged to introduce computerized custom services to minimize delays. Research in Ghana has shown that, computerized custom services on cross- border taxes and rules and regulations not only increased

³²⁰ Aid For Trade Work Programme 2012-2013 (note 152 above).

³²¹ Lamy (note 171 above).

³²³ Stiglitz & Charlton (note 148 above; 9).

³²⁴ World Bank (2009) *Unlocking Global Opportunities: The Aid for Trade Program of the World Bank Group*. Washington, DC: World Bank available at <http://siteresources.worldbank.org/INTPREMNET/Resources/UnlockingGlobalOpp.pdf> accessed on 12 October 2013.

³²⁵ Wiig (note 15 above: 7).

revenue collected by government by 35% because of reduced corruption, but also reduced incidents of abuse and sexual harassment.³²⁶ This might be helpful as most developing countries rely on the infrastructure of transit countries.³²⁷

Also, AfT should look at every country's needs, constraints as well as opportunities be it infrastructure, technical assistance and attempt to disburse funds to address those special needs, this will go a long way in tackling the real problem impeding that particular country from participating in the MTS.³²⁸ In other words there is need to address the constraints faced by different groups of traders and support these groups in order for them to benefit from trading opportunities regardless of the size of the group.³²⁹ Olanrewaju has suggested that there is need to look at the problems affecting the regions as a whole and not a particular country and try to address those regional need this is called regional dimension.³³⁰

AfT to be effective should be extended to countries that are in dire need and not countries that have existing appropriate facilities to promote trade since the initiative was established to help developing countries. In cases of countries where there are high chances of diverting those funds due to political and economic instability a monitoring committee must be established to oversee whether the funds are used for intended purposes. Also there is need for donors to honor their pledges within acceptable time periods so that the funds could be disbursed and cater for the country's needs.³³¹ There is need for WTO to ensure that developing countries meet the adjustment cost and the adjustment cost programme is properly managed and implemented so that the developing countries can benefit in as much as their counterparts the developed countries.

³²⁶ RTTP (note 3 above; 10).

³²⁷ Wiig (note 15 above; 8).

³²⁸ WTO (note 1 above).

³²⁹ Higgins & Prowse (note 141 above; 7).

³³⁰ S A Olanrewaju "Aid for Trade-Prospects for Enhancing African Trade Capacity available at <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Knowledge/25040378-EN-AID-FOR-TRADE-PROSPECTS-FOR-ENHANCING-AFRICAN-TRADE-CAPACITY-PAPER.PDF> accessed on 10 October 2013 pg 11.

³³¹ Aid For Trade Work Programme 2012-2013 (note 152 above).

5.1.4 Zimbabwe and the Millennium Development Goal 8

One of the objectives of the AfT was to help developing countries like Zimbabwe in achieving their MDG8 by 2015. In the previous chapters it was highlighted that the economic status of Zimbabwe was affected by the imposed sanctions, which have threatened its fast growing economic status. This had resulted in disbursements to Zimbabwe being suspended. It is recommended that WTO should mediate the positive way between the donors (developed countries) and the recipient country (Zimbabwe) for the benefit of the latter because now the latter only relies on the dilapidated internal resources and humanitarian aid, which are inadequate.³³² In order for Zimbabwe to meet all its targets and achieve its MDG8 by 2015 there is need the AfT to address the issue of competitiveness so as to promote integration into global and regional markets.³³³

Zimbabwe has taken advantage of other regional and bilateral agreements so that it can benefit from the AfT indirectly, however, this has not produce the desired results. It is submitted that, the only way Zimbabwe will be able to achieve its MDG8 on time is through the establishment of a foreign investment climate.³³⁴ Thus, Zimbabwe must create an environment that will attract foreign investors and create a market friendly investment climate so as to receive financial assistance as well as enact supportive policies and regulation that help those who wants to engage in international trade.

More so, Zimbabwe government has a duty to improve trade compliance and encourage foreign investment, lower cost and shorter delays for traders and ensure faster customs clearance and release through predictable official intervention, provide simpler commercial framework for domestic and international trade so as to enhance international competitiveness. This will help the country to achieve its MDG8 by 2015.

Zimbabwe has a duty to improve the effectiveness and transparency of external support and better alignment of development assistance with government's priorities, this might help the

³³² Zimbabwe 2012 MDG Progress Report (note 293 above).

³³³ Fast Facts MDG (note 287 above).

³³⁴ What will it take to achieve the Millennium Development Goals? available at <http://uncdf.org/gfld/docs/mdg-assessment.pdf> accessed on 29 August 2013 pg 32.

country to get financial assistance from WTO. The country is recommended to increase support to the productive sectors of the economy in order to relieve supply constraints that reduce international competitiveness. This might help Zimbabwe is achieving its MDG8 by the end on 2015.

Accelerated progress on MDG 8 on global partnerships by 2015 would be facilitated by a number of measures. These include:

“ - The ongoing processes of re-engaging the international community to secure comprehensive external arrears clearance and debt relief from creditors, as well as restoring Zimbabwe’s credibility with international development partners, should continue to receive high priority and support. This could be fast-tracked through the implementation of Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDs).

- There is need to implement strong measures to correct Zimbabwe’s trade deficit. These should be directed at addressing the supply-side bottlenecks in the manufacturing sector within the context of regional and international integration, including the EPAs.

- There is need to expedite the review of the ICT policy and fast track Cabinet’s approval of the ICT Bill and its passage by Parliament. There is need to improve the country’s competitiveness by leveraging ongoing macro-economic reforms, building investor confidence through policy consistency and reducing the cost of doing business.”³³⁵

5.2 CONCLUSION

The research addressed in this thesis addressed how do developing countries fit into the MTS, whether AFT has assisted developing countries in integrating into the MTS, help them realize their MDG8, successfully facilitate the mobilization of international resources to address

³³⁵ Zimbabwe 2012 MDG Progress Report (note 293 above).

developing countries needs and developing a GPD, establish markets access for developing countries and finally why countries like Zimbabwe has joined AfT and whether it has benefited from such a programme thus far.

The second chapter traced the history of WTO which operate as a forum for government trade negotiations, monitoring national trade, settle trade dispute and operates a system of trade rules. Thus, it has been regarded as a one of the largest MTS where countries of different economic status meet and negotiate issues that will improve their trading capacity. WTO just like GATT addressed the problem of market access, health and sanitary regulations as one of the problem areas. However, WTO through AfT, failed to establish market access for developing countries since developing countries are still struggling to reach to the international markets.

The third chapter analyzed whether, AfT has achieved its self-set goals which include whether it has facilitated the mobilization of international resources to address developing countries needs. Developing countries have manage to integrate into the MTS with the help of AfT but the only problem that needs to be addressed is that of equality of bargaining power in the negotiating structure as developed countries continue to dominate and furthering their own interest at the expense of the developing countries interests.

Zimbabwe has joined AfT initiatives so that it could access international markets. However, as a developing country Zimbabwe has faced many trade barriers, which include poor infrastructure which has impacted negatively on the capacities of the country to participate in international trade. Zimbabwe has the resources but it has failed to utilize and take advantage of these resources because of its limited capacity. However, Zimbabwe has benefited indirectly through the North-South Corridor through the construction of the OSBP, which was established in an effort to reduce delays. The recent MDG progress report shows that the country is still struggling to meet its targets as it still trying to pay its external debts so that it normalize its relations with the international donors. Only if the country can comprehensively address the issue of competitiveness and promote integration with regional and global markets there are high chances that it might not achieve its MDG8 by 2015.

Developing countries, Zimbabwe included, needs to create conducive environment so as to

create an investor friendly environment. This is so because funds could not be realized to countries, which have high economic and political instability and have high chances of mismanaging them by diverting them from the intended use. In order for Zimbabwe to benefit from trade and ensure its development, assistance from the international community, regional partners, private donors, changes in political trade attitude within national structures and the legal framework of the WTO and AFT is required.

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