

## **BACKGROUND NOTE**

### **New and old challenges to inclusiveness in a recessionary global economic system**

#### **Session 36: Room D, WTO Building**

**1415-1615 hours; Wednesday, 30<sup>th</sup> September 2009**

#### **The Forum Theme**

The overall theme of the WTO Public Forum 2009 is “Global Problems, Global Solutions: Towards Better Global Governance”. Inclusiveness is a pre-requisite for better global governance including in the area of trade. Solutions to global problems, whether at the national, regional or multilateral levels, have the best chance of success when all the key stakeholders are involved and have a sense of ownership.

This session particularly falls under the sub-theme 4 “The main challenges facing the multilateral trading systems and reflections on the post-crisis agenda for the WTO”. Ensuring the inclusiveness of its smaller Members has been a continuing challenge for the WTO. A number of improvements have already been made in this regard. However, this issue is expected to be of particular importance to developing countries in the post-crisis period. Moreover, inclusiveness has several dimensions including those related to trading capacity, for example, availability of trade financing in times of economic crisis. This session will attempt a holistic view of the issue to find appropriate solutions.

#### **The Session**

This session will focus on some of the key challenges faced by the multilateral trading system, i.e., how to improve the inclusiveness of trade policy making and implementation, particularly in times of economic crisis, to facilitate stakeholders buy-in in developing countries. While a number of initiatives have been taken at the multilateral level, further action is needed. The on-going economic crisis has brought to the fore the importance of adequately meeting this challenge. This can be an important area for the WTO in the post-crisis period to enhance its credibility.

Inclusiveness is not a challenge at the multilateral level only. Recent research carried out by CUTS GRC in five African countries (Kenya, Malawi, Tanzania, Uganda, and Zambia) shows the inclusiveness gap in trade policy making and implementation at the national and regional levels as well. This research has developed an index to measure the inclusiveness of the process at the national level. Draft research reports are available at the last bullet on the webpage <http://www.cuts-grc.org/FEATS-Projects.htm>. The session will be an opportunity to present the results of this research, which will be ready by then, and to explore the linkages that can be established between inclusiveness at the national and multilateral levels.

Inclusiveness is also a function of trading capacities. Availability of trade financing is a critical element of this capacity for developing countries. One of the most significant impacts of economic crisis on developing countries has been through the sharp decline in the availability of trade financing. Commonwealth Secretariat has done useful work in this regard with a focus on South Asia which will be presented at the session.

Based on the above, main objectives of the session will be:

- To assess the improvements in the inclusiveness, particularly for LDCs and African countries, of the multilateral trading system

- To assess the impact of trade financing gaps on developing countries, with a focus on South Asia
- To share the research findings of CUTS studies on inclusive trade policy making in Kenya, Malawi, Tanzania, Uganda and Zambia
- To identify possible solutions to the remaining inclusiveness challenges including through better national, regional and multilateral linkages

Some relevant questions that the panellists and discussions will endeavour to answer include:

- What have been the main improvements in inclusiveness at the WTO, particularly from the perspective of the LDCs and African countries? What key concerns still remain in this regard?
- What has been the impact of trade financing gaps due to the economic crisis on developing countries, particularly in South Asia?
- How can the Inclusive Trade Policy Making Index (ITPMI) prepared for the five African countries (Kenya, Malawi, Tanzania, Uganda and Zambia) be used to benefit developing countries at the multilateral level?
- What are the constructive ways in which the issue of inclusiveness can be dealt in post-crisis agenda of the WTO?
- Whether and how can the WTO deal with the issue of trade financing on a regular basis to assist developing countries in their integration into the multilateral trading system?

#### Panel

Chair: H.E. Mr. Ujal Singh Bhatia, Ambassador and Permanent Representative of India to the WTO

Panellists:

- Mr. Rashid S. Kaukab – Deputy Director CUTS Geneva Resource Centre  
(Presentation on challenges to inclusiveness based on research by CUTS on the trade policy making process in select African countries)
  - H. E. Mr. Darlington Mwape, Ambassador and Permanent Representative of Zambia to the WTO  
(Presentation on experiences on inclusiveness by a partner country in the research by CUTS on the trade policy making process)
    - Dr. Mohammad Razzaque, Economic Adviser, Economic Affairs Division International Trade & Regional Co-operation Section, Commonwealth Secretariat  
(Presentation on challenges to inclusiveness based on research by the Commonwealth Secretariat on trade financing and the financial crisis in South Asia)
      - H.E. Mr. MYC Lumbanga, Ambassador and Permanent Representative of Tanzania to the WTO  
(Presentation on issues relevant for LDCs in terms of challenges to their economies based on trade policy ownership and the financial crisis)