EUROPEAN UNION AND WORLD TRADE ORGANIZATION - SOME CONSIDERATIONS ON THEIR COOPERATION FOR AN EQUITABLE WORLD

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Abstract

Adopted in September 2000, the United Nations Millennium Declaration encapsulates all the development aspirations of the entire world, aspirations that have become even more challenging to realise in the actual economic context characterised by fears and doubts for the future induced mainly by the recent financial crises. It is clear that the way towards a more prosperous, sustainable and equitable world is a collective responsibility for present and future generations. This paper aims to analyse the role of European Union (EU) within the multilateral trading system (MTS) for the achievement of better integration of the Least Developed Countries (LDC) in world trade that can satisfy their needs of economic development. Our research goal is to identify the extent to which the EU and the World Trade Organization (WTO) are responsible for a better access of LDCs in international trade and therefore for their future economic development. This research suggests that the real responsibility for economic development cannot be with the EU or the WTO, but with national governments centred on their capacity to grasp the opportunities raised by the international context.

Keywords: *European Union, least developed countries, international trade, cooperation.*

JEL classification: *F13; F15; O10*

1. Introduction

After years of confidence in the power of capitalism, in the values of globalization and the advantages promoted by free markets, the entire world

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stopped for a moment in September 2008, and since then, there can be no more doubts that the world economy suffered the most serious financial and economic crisis after the Great Depression of the last century. It was abundantly clear that no early resolution could be expected for the global economic slowdown and that all nations, independently of their level of development, were to be affected, due to the high degree of economic integration reached by the international economy in the last five decades.

Despite the pessimism that touched the entire world, this was also the right moment for the international organizations to prove that they are capable of fulfilling their role, and for nations to show that nationalistic interests are not as important as the accomplishment of the eight Millennium Development goals by 2015, as an expression of strong political commitment. Of course, this requires that national governments and the international community should work in partnership for the achievement of those goals, and on this depends the future of international organizations.

In such circumstances, it is more than clear that international trade plays an important role in the development of nations; therefore, the recently created World Trade Organisation as a promoter of trade liberalisation has to be, together with the older Breton Woods institutions, International Monetary Fund and the World Bank Group, one of the main systemic pillars in confronting the ongoing economic challenges the world is facing.

By their implications and support, they had and still have to ensure governments that it is not protectionist policies which will save them from the effects of the crisis, but cooperation and open-market measures. Of course, the world needs examples and who can offer a better example to the rest of the world than the most important economic players - the United States of America and the EU.

This paper focuses on the role played recently by the major trading actor–the EU-, in the LDCs economic development, also taking into consideration the ongoing debate on the impact of the WTO's activity - mainly considered responsible for guaranteeing access to the benefits of free trade -, in favour of poorer nations. The paper begins with a Section dedicated to a brief description and analysis of the main principles and the way in which the WTO functions, emphasizing the limits of its actions and therefore its real role within the MTS. It continues with a section that outlines the importance of EU in international trade, providing an overview of its external action in favour of LDCs. The third section describes the main economic characteristics of the LDCs, their recent evolution within international trade, assessing the impact of the EU's support within the MTS, on behalf of their needs for economic development. Focus is given to the accomplishment of the first goal, related to eradicating extreme poverty and hunger, thanks to improved access to export markets. Recognised as a pillar for the external action of the EU, the paper emphasizes that the Common Commercial Policy has huge potential to also become an important instrument for the promotion of European values within the WTO, in regards to environmental protection, and sustainable development.

The final section concludes that thanks to market access support and trade liberalization, the LDCs increased their share in international trade, but the long road to sustainable economic development still requires additional efforts of national governments to eliminate inefficiencies and corruption and to adapt their economic policies to the new challenges arising within international trade.

2. World Trade Organisation –a democratic inter-governmental institution

Created in 1995, as a result of the multilateral trade negotiations (1986-1994) during the Uruguay Round, the World Trade Organisation (WTO) is the successor of the ex. General Agreement on Tariffs and Trade (GATT) that provided for almost half century (1948-1994) the rules for international trade, despite its provisional status.

The core of WTO is its agreements covering a wide range of activities and respecting some fundamental principles**,** which are the foundation of the multilateral trading system. These principles are very important, as long as they can guarantee the accomplishment of the WTO's objective**,** that is, according to the Marrakech Agreement establishing the WTO, article II**: "**to provide the common institutional framework for the conduct of trade relations among its members in matters related to the agreements and associated legal instruments included in the Annexes."

According to these principles, the MTS should be non-discriminatory, freer, predictable, more competitive and more beneficial for less developed nations. The meaning of these principles is really important in order to understand the role of this newly-created organisation as an engine for the future development of the entire world.

The non-discrimination principle refers to two concepts: the most-favoured-nation (MFN) treatment and the national treatment. Under the WTO agreements, a nation should not discriminate between its trading partners and at the same time, must not discriminate between its locally- produced commodities or services and the ones that are imported, at least until after the goods, service or item of intellectual property have entered the local market. It is important to notice that imposing customs duty on an import is not a violation of the national treatment.

The freer trade principle is probably the essence of what the rounds of trade negotiations imply. Encouraging trade means creating all favourable conditions so that international trade flows are going to increase: that means multilateral negotiations in order to open markets by lowering tariff barriers and giving up on the use of non-tariff barriers in trade. Of course, the WTO agreements are quite flexible, allowing countries to introduce changes gradually, according to their specific domestic conditions, as long as it is well-known that opening markets needs serious adjustments. Liberal trade policies increase competition, provide more choice of products and qualities, cut the cost of living, motivate innovation, raise income and stimulate economic growth.

The importance of the principle related to predictability is undeniable: through binding commitments and transparency, governments encourage foreign investments, jobs creation, with all the benefits for consumers that arise from competition in a stable and predictable business environment. Transparency is encouraged both domestically and at the multilateral level; multilateral agreements require national governments to publish their trade regulations and practices within national borders and by notifying changes in trade policies to the WTO, to respond to requests for information by other members. Once a commitment has been made to liberalize a sector of trade, it is difficult to reverse. While for the business sector that means greater certainty about trading conditions for governments, such decisions reflect good disciplines for the long-term**,** as the rules discourage unwise policies. Transparency is a basic pillar of the WTO, reducing the pressure on its dispute settlement system, as long as it facilitates both communication and exchange of information between members, or between the organisation and members, through the so-called Trade Policy Review Mechanism. The WTO’s Trade Policy Review Mechanism is a central element of the organisation, because it fosters transparency (the reviews are conducted on a rotational basis and the frequency of review depends on the member’s share in world trade), strengthening the MTS and ensuring institutional legitimacy (Hoekman e Kostecki, 2003, pp.35).

Regarding the necessity that the world trading system should be more and more competitive, we must pay attention to all those trade-related practices that are considered "unfair", such as dumping prices or export subsidies, which affect the real comparative advantage and therefore they are discouraged. The system allows governments to restrict trade in specific circumstances. The most common 'safety valves' refer to policies that: protect public health, national security, or industries that are affected by imports competition or national security; impose barriers (countervailing duties on subsidized imports or antidumping duties on dumped imports) in the name of fair competition; support an infant industry or manage serious balance-of-payments difficulties (Hoekman e Kostecki, 2003, pp.36).

Last but not the least is the principle directly related to the situation of less developed nations that cannot be ignored by the WTO, as long as we agree with the direct relation between trade and economic development. That is the reason for which we cannot talk about a sustainable and an equitable development of the entire world without paying attention to the role played by the WTO in this matter.

A multilateral trading system more beneficial for less developed nations means allowing special attention in terms of privileges and trade concessions, greater flexibility in terms of adjusting period and also special technical assistance to compensate for their lack of resources. Over three quarters of those 160 WTO members (as at 26 June, 2014) are developing or least-developed countries and nations in transition to market economies, while the largest entity is the European Union with its 28 members. WTO recognises as LDCs, all the 48 nations identified by the United Nations. Currently, 34 of which– mainly Sub-Saharan nations -, have become WTO members, while 8 more are negotiating to join it.

Building trade capacity is an important complement to the Doha Development Agenda (hereinafter DDA). There are different ways in which WTO contributes to create trade capacity in developing and least developed nations, all of them targeting an improvement in both local human and institutional capacity and also the development of the infrastructure of the nations in order to enable them to effectively participate in international trade. Besides Trade - related technical assistance, LDCs were provided with the Enhanced Integrated Framework (EIF) – a multi-donor programme (23 bilateral donors of which 16 are EU and part of its member states) supported by a trust-fund -, and the Aid for Trade (hereinafter AfT) initiative that seeks to eliminate supply-side and trade-related infrastructure obstacles which constrains LDCs ability to engage in international trade.

The Uruguay Round agreements negotiated by members' governments and ratified in members' parliaments are often called the WTO's trade rules while the organisation is considered a "rules-based" system and a "member-driven" institution. Every nation has to follow the same rules, membership implying a balance of rights and obligations.

The Agreement Establishing the World Trade Organisation provides the legal framework of this institution, while the four annexes which are integral parts of this umbrella agreement define the rights and obligations of members and comprise:"The Multilateral Trade Agreements"; "Multilateral Trade Agreements" together with annexes related to: **"**Understanding on Rules and Procedures Governing the Settlement of Disputes"; and also **"**Trade Policy Review Mechanism"**-**that is the instrument for surveillance of members' trade policies.

The Multilateral Trade Agreements refer to the three areas of activities (trade in goods, services and intellectual property rights, the so-called TRIPs) under WTO and they are binding on all members, while the Multilateral Trade Agreements - referring to Agreement on Trade in Civil Aircraft, Agreement on Government Procurement -, are part of the Agreement only for those members that have accepted them, binding exclusively on those members, and not on those that have not accepted them.

Article IV of the "Agreement Establishing the World Trade Organisation" presents the structure of this institution that is run by a Ministerial Conference, composed of representatives of all member nations, this being responsible for carrying out the functions of the WTO, established by the same Agreement, to: facilitate the implementation, administration and operation of the agreement; provide the forum for negotiations among members and the framework for the implementation of the results of negotiations concerning multilateral trading relations; administer "Dispute Settlement Understanding" (DSU) and " Trade Policy Review Mechanism" (TPRM); cooperate with the International Monetary Fund and with the World Bank Group, in order to achieve greater coherence in global economic policy-making (Article III).

While the Ministerial Conference will meet at least once every two years, the General Council is going to conduct its functions in the intervals between meetings of the Ministerial Conference and carry out the functions assigned to it by the Agreement, turning itself, as needed, into a body to manage trade disputes (the Dispute Settlement Body-DSB) or to review trade policies (the trade Policy Review Body-TPRB).

The Ministerial Conference is entitled to establish both a Committee on Trade and Development (that shall review the special provisions in favour of the least-developed members and report to the General Council for appropriate action) and a Committee on Balance-of-Payments Restrictions and a Committee on Budget, Finance and Administration (that is in charge to review the annual budget estimate and the financial statement presented by the head of the WTO Secretariat, the Director-General, who is appointed by the Ministerial Conference).

The day–by-day activity is the responsibility of the WTO Secretariat that is located in Geneva. Being relatively small and having little formal power to take initiatives, its role is to supply technical support for various councils and committees or the ministerial conferences, to analyse world trade and explain WTO affairs to the public and media, to facilitate dispute settlement by supporting the work of panels, to distribute information and ensure transparency. The head of the Secretariat acts as a guardian of the collective interest of the members (Hoekman and Kostecki, 2003, pp. 54).

According to article VII, third paragraph of the agreement mentioned above, the General Council is entitled to adopt the financial regulations (those include provisions setting out the scale of contributions apportioning the expenses of the organisation among its members) and the annual budget estimate by a two-thirds majority comprising more than half of the members.

The WTO has legal personality and the practice of decision making is based on consensus - at the meetings of both Ministerial Conference and the General Council -, while each member has one vote. Thanks to the consensus rule, the WTO is considered a democratic international institution that represents and protects equally the interests of all its members, independently of their contribution to its budget.

The WTO budget is a very limited, consisting mainly of financial contributions of members - calculated on the basis of each member's share in the global trade -, and also voluntary contribution for technical assistance in favour of developing nations. The EU contribution is assessed separately for each of its members, including the intra-EU trade. There are many voices (Soros, 2002) that are considering the WTO budget too small for a global organisation that is expected to act as a guardian for the respect of all commitments negotiated by 160 member states.

With its limited budget, the WTO is responsible directly only for the establishment of a framework for multilateral trade negotiations between rational actors represented by the sovereign States. Those actors are cooperating on "an institutionalized market", where they are free to exchange national market access commitments, according to the rules previously agreed and adopted. In other words, the WTO cannot be responsible for the outcomes of the multilateral negotiations. For this, we should turn our attention to the governments and their willingness in defining and reaching specific outcomes.

Of course, it's useless saying that countries have the same bargaining power within WTO negotiations. Still, the consensus rule means that each member has a voice and this single voice must be convinced before it joins a consensus. The quality of a nation's delegation is significant in determining its effective influence. The activity of the WTO Secretariat is felt mostly by those countries represented within the WTO by small and less competent national delegations (Hoekman and Kostescki, 2003, pp.56).

By joining the WTO, small countries can increase their bargaining power by creating alliances or coalitions with other members that have common interests. The decision to join one of the coalitions depends exclusively on the ability of each nation to understand that the fulfilment of their expectations and own national interests, can be reached with minimum costs. Presently, there are 27 groups within WTO, of which 16 are focused on agricultural issues. Obviously, the EU is the most important group - both in terms of number of votes, but mainly thanks to its activism within the MTS -, while the agricultural sector seems to be the central argument within the MTN.

In case a decision cannot be arrived at by consensus, and there are no other provisions in the relevant agreements, the matter at issue is addressed by a vote. Decisions of the Ministerial Conference and the General Council are taken by a majority of votes cast.

Being a membership-driven organisation where most of decisions are taken on consensus basis, the WTO can be seen sometimes as a big elephant, in the sense that is a large, healthy-principled organisation but so slow to take action due to the decision-making process. That's why, the consensus in decision-making can be seen either as a big constraint for the organisation's efficiency or as an advantage, mostly for its democratic image at the world level, as long as it is considered one the three global institutions - together with the International Monetary Fund (IMF) and World Bank Group – managing the world economy.

3. The European Union - the main voice in international trade

The European Union (EU) is the best example of economic integration for other nations in respect of future development. Since 1968, the six founding nations of the European Economic Community have created a customs union and imposed a Common External Tariff in all trade relations with non-member states. Indeed, external trade became one of the first instruments of European integration requiring member states to pool their sovereignty. From that moment, the Common Commercial Policy has offered to all the members of the customs union, the opportunity for a fast and sustainable economic and social development. Today, the 28 member states of the European Union represent a driving force in the international economy, mostly because of their supremacy in international trade affairs.

With a population of 504million, a GDP/capita of 31,807 USD in 2011 (UNCTAD, 2012) and an integrated marketplace where - due to the deepening of its economic integration -, almost two thirds of all trade transactions take place among its members, the EU is, doubtlessly, the main player in the WTO multilateral negotiations. While the Member States co-ordinate their positions in Brussels and Geneva, the European Commission alone speaks for the EU at almost all WTO meetings.

In the name of the Common Trade Policy, the EU, which is a WTO member, acts as a single actor on behalf of all 28 members within WTO agreements, representing the common interests of the Union. That does not mean that its members have lost their membership in WTO agreements. The 28 Member States continue to contribute to the WTO's budget and each of them is entitled to have one vote as a single member. Regarding this argument, there is a provision in the "Agreement Establishing the World Trade Organisation ",that is article IX, first paragraph mentioning that " where the European Communities exercise their right to vote, they shall have a number of votes equal to the number of their member States which are Members of the WTO".

There are no doubts that the EU-28 with its leading position in the volume of trade transactions and with its 28votes within WTO - each member state being entitled to one vote in the multilateral trading system -, has become the main voice in international trade and the leader in the WTO, especially in the last decade.

Despite the appreciation of the euro against major currencies over the last decade and the crises that have affected world trade, the EU has remained the world's leading trader, its value of merchandise and commercial services exports reaching 8,075 billion dollars (of this 3,198 billion were extra-EU), accounting for 35% of world trade value in 2013.For this year, it was the largest merchandise exporter (the extra-EU exports represented 12.6% of the world exports) and second largest importer (extra-EU imports represent 12.1% of the world imports),with extra-EU exports and imports amounting to 2,307 billion and 2,235 billion, dollars respectively. It's notably that even if the absolute value of extra-EU trade has increased since 2007, its share has seen a decrease. Meanwhile, the EU's trade balance succeeded to overpass the persistent deficit (that was around €192 billion in 2007), and in 2013 it was registered a trade surplus of 295 billion dollars -mainly due to the services sector (WTO, 2014).

The EU's bilateral deficits are particularly large with Asian countries (China is one of the most important trading partners for the EU; since 2006, it has become the largest supplier of EU imports, followed by Russia, USA and Switzerland), while trade surpluses were registered with North America. Although the USA has been, traditionally, the EU's most important trading partner, its significance has declined over the years. The extra-EU imports are made of primary goods, mainly fuel products, machinery and transport equipment. The share of EU in world fuel imports has reached the level of 30 per cent in 2013, followed by United States of America (11 per cent) and China (10 percent).

The EU-28 is also the leading importer of agricultural products and food (value in 2013 of $ 94.5, respectively $ 569 billion) in the world. In 2013, the total extra-EU imports of food and agricultural products amounted 178 billion dollars ($148 billion, respectively, $30 billion) and placed it as the major importer, followed by China (165 billion dollars) and USA (146 billion dollars).Moreover, for the same year the extra-EU exports of food were 145 billion dollars (of a total of 566 billion dollars) while the agricultural extra-EU reached 30 billion dollars (ITS, 2014, pp. 67).

The EU remains the world's largest recipient and supplier of foreign direct investment (FDI), accounting for some 40% of global inward stock and over 50% of global outward stock. It is also a net investor in the rest of the world.

This statistical situation gives us an important image of the power that the EU-28 reached in the last decade due to its higher level of integration and also due to its political will of becoming the main global actor in the world.

After a good economic performance between 2001 and 2007, the year 2008 brought a weakened economy in the EU area, particularly in the second half of the year. In response to the economic and financial crisis, the EU has shown its commitments in acting as a single voice. Thanks to the Economic Recovery Plan announced on 26 November 2008 by the Commission, and based on, inter alia, the economy has seen an immediate budgetary impulse amounting € 200 billion (1.5% of EU Gross Domestic Product) made up of €170 billion from Member States and € 30 billion from EU funding. This impulse represented the first pillar of the Plan and boosted demand and stimulated consumer confidence, while the second pillar rested on the need to direct action to “smart” investment. The Plan promoted investments in the right skills for future needs, in energy efficiency to create jobs and save energy, in clean technologies to boost the construction and automobile sectors in the low-carbon markets. The fundamental principles of this Plan consisted of solidarity and social justice. It falls under the Stability and Growth Pact and the Lisbon Strategy for Growth and Jobs, and was approved by the European Council on 11-12 December 2008.

Despite the crisis that has seriously affected all the EU members, forced to manage the Euro depreciating by 19 percent (from July 2008 to February 2009) combined with a sharply decrease of the demand in all developed countries, had resulted in a significant decline in both intra and extra- European Union trade (exports including intra-EU trade fell 16 per cent, while extra-exports dropped by -11 per cent), this important actor avoided the use of protectionism. By this attitude the EU enforced its role of moral leader within WTO, demonstrating that is able to keep its promises and to make proof of its own power not only in good times but mostly in hard times.

Before the crises, the EU was the world’s largest donor in the fields of trade-related assistance, promoting the integration of developing countries into the world economy, acting as a main actor in the global partnership for sustainable development (its commitments were to reach at Overseas Development Assistance target levels of 0.56 per cent of Gross National Product by 2010, on the way of achieving the United Nations target of 0.7 per cent by 2015).

Financial development assistance to LDCs increased rapidly after 2000, from a level of 9 billion dollars (0.11 per cent of EU’s GNI) to 22.4 billion dollars (0.14 per cent of the EU’s GNI) in 2011.Despite the global economic downturn, the EU has remained the main donor in favour of LDCs, its contribution representing 50 per cent of the total contribution of the OECD Development Assistance Committee (hereinafter DAC). Of course the austerity measures have reduced the level of ODA but in 2012 when it reached almost 18 billion dollars (0.12 per cent of EU's GNI), it was still at the highest level compared with other donors such as USA with 11.4 billion dollars (0.07 per cent of GNI) or Japan with 4.6 billion (0.08 per cent of GNI) (UNCTAD, 2014).

Through the Generalised Scheme of Preferences (GSP), introduced for the first time in the 1970s, the EU has helped developing nations to reduce poverty. This system is subject to WTO law, "the Enabling Clause", which allows for an exception to the "most favoured nation" principle. By using tariff preferences for commodities originating from developing nations, the EU helps them in increasing their market access and in obtaining higher trade revenues. This system acts as an instrument of both the European Union's trade and development policy. Special attention is paid to the least developed nations (the list of those countries is drawn up by the United Nations, which is also entitled to remove countries from it). Since 2005, these are the beneficiaries of the so-called initiative "Everything But Arms" (EBA), which has provided with no customs duties and quota-free access for commodities originating from these countries, except arms and ammunition. Moreover, since 2011, these countries also benefit from the amended, more favourable, GSP Rules of Origin. Between the 49 partners receiving EBA treatment, there are 34 African nations and only 15 from Asia and the rest of the world. Samoa -one of these beneficiaries- ceased to be an LDC in 2014 but has a three years transitional period until the end of 2016, where it can still benefit from EBA. Part of the beneficiaries of EBA initiative are members of WTO and have created their own coalition within MTN - "Least developed countries"- formed by 34 nations of which 27 are from Sub-Saharan Africa.

Part of the Lisbon Strategy and the Sustainable Development Strategy, the corporate social responsibility (CSR) represents a fundamental aspect of the European social model, in order to defend solidarity, cohesion and equal opportunities in the context of an increasing global competition. The concept of corporate social responsibility refers to the necessity that companies together with national and regional authorities integrate social and environmental concerns in their business operations on a voluntary basis. Since 1 January 2006, the concept has been introduced also in the external action of the European Union through the new Generalised System of Preferences, "the GSP Plus"- Special Incentives Arrangement for Sustainable Development and Good Governance, an instrument created to encourage trade partners to have greater respect and sensitivity for the corporate social responsibility, implementing core international conventions on human and labour rights, environment and good governance. Beneficiaries are those nations considered "vulnerable", that have ratified all the 27 core international conventions listed in Annex VIII and accept the cooperation with EU monitoring procedure which has been enhanced. Currently, there are 13 beneficiaries of the GSP+, such as: Armenia, Bolivia, Cape Verde, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Mongolia, Pakistan, Panama, Paraguay and Peru.

In 2013, the value of EU imports from GSP beneficiaries amounted € 93 billion of which € 14 billion were from EBA nations and around € 4.5 billion from GSP+ beneficiaries. Although the level is limited in comparison with the value of EU imports, it is notable that the major beneficiaries are LDCs whose level of exports in 2013 was around $ 215billion (WTO, 2014).

In this sense, the EU trade policy can be seen as a real instrument for the promotion at global level of new values that must be embraced by all actors, independent of their size or political regime, in order to ensure sustainable and equitable economic and social development.

4. The Sub-Saharan LDCs between trade and poverty

Participation in international trade on a fair basis is crucial for the economic development of the LDCs and for the attainment of the MDGs. Since 2000, the progress of the LDCs in reducing poverty as targeted by MDGs has been quite remarkable. Unfortunately, only Lao People's Democratic Republic is about to meet all the MDGs by the end of 2015, while only among Asian nations are a majority on track to meet most of the goals (UNCTAD, 2014).

Despite their recent economic growth based mainly on factors endowment, the LDCs face challenges to economic development. The contribution of these countries in the world trade is double in 2012 that of 2000, when their share hardly reached 0.56 per cent. Exports from these nations increased in value from 41.5 billion dollars (of which 15 billion were fuels and mining) in 2000 to 230.2 billion dollars in 2012 (125 billion fuels and mining; 21 billion dollars), respectively 215 billion dollars in 2013 (156.7 billion fuels and mining) (ITS, 2014).

Over the period 2000 and 2012, the LDCs exports registered an annualised growth rate of 15.3 per cent, compared to the world average of 9 per cent. The commodity boom demand of the last decade – mainly drive by the developing nations – resulted in an increase of the exports value by an annual average that is different between categories of exporters: *(i)* fuel and non-fuel mineral exporters (by 17.5 per cent); *(ii)* agricultural products exporters (nearly 13 per cent); *(iii)* manufactured products exporters (12.5 per cent).Despite very limited participation in world exports of commercial services (0.7 per cent), the LDCs have registered important growth in their exports of commercial services – 13 per cent in 2013 -, mainly due to air transportation services or tourism.(WTO, ITS, 2014).

LDCs received 13.5 billion dollar, representing over 32 per cent of Aid for trade commitments in 2011. The main share of AfT flows were directed to the Africa LDCs (53per cent), concentrated mainly in agriculture, transport and storage, energy generation and supply (almost 84 per cent).

Launched in 2005, the Aid for Trade Initiative is one of the most important achievements of the MTS. Thanks to it, the value chains – providing access to regional and global markets capital, technology, networks - have become a dominant feature of the global economy. Creating greater capacity to trade –as a specific purpose of AfT – allows the expansion and diversification of exports. But, this is possible as long as at least two conditions are met: *(i)* investments in new productive capacity and infrastructure necessary to support it are promoted; (*ii)* trade costs are reduced through improvements in trade-related national institutions, regulations and policies (trade facilitation).

Econometric studies of Africa (Cali and te Velde; OECD/UNECA) show that: *(i)* AfT allocated to infrastructure brings an expansion of exports, especially in the mining and manufacturing sectors, while that allocated to productive capacity has no statistically important effect on exports; *(ii)* a 10 per cent rise in AfT correlates with a 0.4 per cent increase in an index of economic diversification; *(iii)* a 1 million dollars increase in AfT facilitation is connected with a 6 percent reduction in the cost of packing, loading and transportation of goods. Moreover, analysis suggests that one dollar invested in AfT for LDCs is on average associated with an increase of 20 dollars in new exports (OECD, WTO, 2013, pp.164).

Despite their huge natural comparative advantage, almost half the population of LDCs (851 million is the total LDCs population in 2011) continues to live in extreme poverty – less than 1.25 dollar per day - and 30 per cent of people are undernourished. The most affected nations are the LDCs from Sub - Saharan Africa, where are living 827 million people (in 2011) of which 234 million are undernourished (UNCTAD, FAO, 2012).

A brief presentation from an economic perspective of the LDCs group reflects that this group is far from being unitary or homogeneous. At the risk of oversimplifying, due to their differing factors endowments reflected both in different economic structures and export specialization, there are at least four categories of nations that emerge, categories that still have a common characteristic – the dominance of agricultural sector as a provider of employment, such as: food and agricultural exporters (71 per cent); fuel exporters (50 per cent of employment in agriculture); mineral exporters (76 per cent of employment absorbed by agriculture); manufactures exporters (54 per cent of employment in agriculture); services exporters (72 per cent employed in agriculture) (UNCTAD, 2014, pp.92).

Although there is a relatively rapid growth of employment in the industrial and services sectors, agriculture absorbs on average 65 per cent of the active labour force in LDCs, while the output of this sector is of 25 per cent on average, with a maximum of 37 per cent for food and agricultural exporters.

The role of agriculture is crucial in terms of production and consumption. It is well-known that the sector is of utmost importance for the development strategy in poorer countries. Empirical evidences conducted by different economists (Christiaensen; Ravallion, i.e.) find that agricultural growth in LDCs is significantly more effective in reducing poverty than growth in other sectors.

Unfortunately the productivity of LDCs agriculture is below the global average. Increasing productivity is essential and this is possible through the integration of LDCs into global value chains (Maertens et al., 2011).

In the period 2005-2015global agricultural trade increased annually by9 percent, while the share of agricultural products in world exports reached 9.5 per cent in 2013, amounting to 1.745 billion dollars(of this, the value of food was 1.457 billion dollars). Although in terms of value, exports of agricultural products have nearly tripled over the period 2000 and 2012 – due to price increases -, in volume terms it was an increase by around 60 per cent. Following stagnation in 2012, with prices of food and agricultural raw materials that have remained stable compared with the previous year, in 2013, the world exports of agricultural products increased by 6 per cent (ITS, 2014). There are good reasons to believe that agricultural exports are to increase in volume terms, mainly due to: *(i)* an increased demand for food, expressed by developing nations that besides their demographic aspects are facing changes in their pattern of consumption; and *(ii)* an increased demand for agricultural commodities that are used as raw materials for the bio fuels industry, both by developed and developing countries.

Unfortunately, the LDCs level of agricultural exports remains very limited although their agricultural products account for almost half of merchandise export revenues, especially in Sub-Saharan African nations (WTO, 2014, p.138). Moreover, most of LDCs are net food-importing countries.

In 2013, the agricultural exports of the main 15 LDCs exporters were nearly 11 billion dollars (out of a total of 22 billion dollars) while the imports were above 43 billion dollars (representing almost 18percent of the total value of imports that reached 243.8billion dollars).The main markets for agricultural products - originating from LDCs- were the Asian countries for 11 billion dollars and EU for 4.8 billion dollars, while North America region hosted only 0.8 billion dollars (ITS, 2014). If we take into consideration that the value of agricultural extra-EU imports for the same year amounted 178 billion dollars, it is clear that the LDCs share of EU market is less than 3 per cent.

It is obvious that the pattern of trade has changed in recent years. The development of South-South trade has touched also the agricultural sector. Starting with 2012, Asia has become the main LDCs export market for agricultural commodities (39 percent), followed by Africa (23 percent) and Europe (22 percent), while the developing countries group receive 69 percent (WTO, 2014).This change is also surprising due to the fact that recently developing countries apply a higher average level of duty - 12 per cent in 2011 -, on LDCs agricultural imports, compared with industrialized countries.

Taking into consideration on one hand the LDCs factors endowment and on the other the declared promises of developed nations to join their efforts in favour of eradicating poverty within these nations, it seems pretty clear that their limited share in agricultural global markets is related rather to internal weaknesses (lack of infrastructure, corruption, inefficiencies) than international threats.

There are voices that claim the conclusion of the Doha Development Round as the main step to an automatic link between trade based on the theory of comparative advantage and LDCs development. Launched in 2001, at the Fourth Ministerial Conference held in 2001 in Qatar, the Doha Development Round was established to put development at the heart of the world trade system in order to combat poverty. This is the official reaction and accounts for the support of a global organisation such as WTO for the objectives assumed by the Millennium Development Goals.

In July 2004, the WTO Members adopted the “July Framework Agreement” on the DDA that sets out the modalities for further negotiations;

the DDA comprises both further market opening and additional rule making, and also commitments to take measures necessary in order to integrate developing countries into the world trading system, mainly by strengthening technical assistance and capacity building. The EU, USA, Japan and Brazil agreed to eliminate all agricultural subsidies, lower tariff barriers and developing nations were supposed to reduce tariffs on manufactured goods, with the right to protect domestic vital industries. The meeting in Hong Kong (2005) concluded with an agreement in which rich nations allow quota and tariff-free imports from all LDCs and 2013 was set as the year for eliminating agricultural export subsidies. The meeting in Geneva (July 2006), formally suspended the Doha Round, as it failed to bring an agreement on reducing farm subsidies and lowering tariffs, while on January 2007 in Davos, it was decided to restart negotiations. After two ministerial conferences in Geneva (2009 and 2011) resulted in resounding failures, the last one held in December 2013 has led to the "Bali Package" which advocates only a bulk of measures to boost trade of the LDCs and to ensure better food security for developing nations. Given its ambitious goals (more than 21 issues for negotiation), the conclusion of the round remains a difficult task, that highlights the growing gap among WTO members. Anyway, it's useless saying that there is a time when big nations together with small nations should sit around the table and discuss the world's priorities: poverty and economic crisis, environmental and climate change issues.

Thanks to Doha Round negotiations, developed nations decreased the average weighted tariffs imposed on LDC agricultural exports from 3.6 per cent in 2000 to 1 per cent in 2011.

Since the launch of the Aid for Trade Initiative at the end of 2005, developing countries, especially in Africa and Asia, have become extremely active in the regionalism movements. From 2005 up to present, 54 new Regional Trade Agreements have entered into force. The driving force behind the conclusion of 354 RTAs is represented by the consciousness that building regional production networks not only boosts the trade performance of each nation but also is the main step for the integration of the nations in the global value chains. These elements are even more obvious in the case of small-countries which are usually price–takers on world trade markets and with no influence within the MTS. Despite the preoccupation that these agreements may undermine the principle of non-discrimination, their defenders suggest, however, that the regional cooperation framework becomes an important channel to greater multilateral liberalisation.

Although African countries have been active in creating different forms of integration, such as customs unions (e.g. the Southern African Customs Union, SADC) or monetary unions (e.g. the West African Economic and Monetary Union, UEMOA), still the intra-regional trade amounts to only about 10 per cent of its total trade. That is explained mainly by a low degree of diversification in the export structure of the African nations and their tendencies to be engaged in favour of inter-industry trade against intra-industry trade. In this sense, the role of WTO is to be fundamental with respect to coordinating the donor's actions in the regional co-operation and integration of the LDCs in the global value chain. The EU is by far the most important source of assistance for regional integration. For the EU, Africa remains an important geostrategic area. Therefore, in 2011, most EU AfT commitments reveal South of Sahara as the most important region destination and East Africa as the main recipient sub-region.

The main problems to the integration in international/regional trade faced by the Sub-Saharan nations are related to inadequate transport links and high transport costs, low regional demand, limited export diversification, informal restrictions and trade finance.

5. Conclusions

Considered one of the most important achievements of the last century, the trade regime has expanded, penetrating more deeply into national economies while the trade agenda has broadened significantly (Gilpin, 2001, pp.232).Despite the recognized role of global free trade in fostering economic development, the actual international market context shows that LDCs need, first of all, to increase their economic and political strength and therefore, economic regionalism has become the main strategy for their future development. In that sense, the WTO efforts should focus not only on guaranteeing with framework of liberalization assumed by developed nations in MTS but mainly with AfT in favour of their regional integration and strengthening the negotiation skills of LDCs to deal with powerful trading actors.

Furthermore, the criticism of WTO has no fundamental basis, as long as we understand that this organisation is nothing more than an institutionalized fore where national interests are expressed voluntarily and due to its Trade Review Policy or Dispute Settlement Body (that remains the main institutional result of the WTO) it can govern tensions and contribute actively to the elimination of the conflicts by settling the trade disputes.

However, the WTO is the only organization that offers the possibility of all nations independently of their political regime and level of development to express their needs through cooperation, to engage them freely and accept the responsibilities in the MTS.

The need for the EU's support in terms of both financial and moral aspects is fundamental for the development of the LDCs. Being a real example of regional integration, the EU can offer expertise to African LDCs in terms of effective policies and best practices for the achievement of good results that regional integration can bring in their national economies. Despite their desire of deeper integration within the MTS - reflected also by their presence in the LDCs coalition in WTO -, their impact on the conduct of the Doha Round negotiation process remains limited and reflects their marginalization. Pending the conclusion of the Doha Round, the "do no harm" principle points to the value of a strong commitment by WTO Members and Observer governments not to use new trade restrictions and trade-distorting subsidies. As the main voice within MTS, the EU should clearly support through lobbying and power of actions the development of the LDCs voice, focused on sustaining the continued expansion of their agricultural exports into the EU market as a primary enabler to raise their rural incomes and reduce poverty.

The role of the European Union within the WTO multilateral negotiations is so important, not only due to the size of EU trade, but also because of the key values it promotes. It is the EU that is expected to make an important act of will and to lobby for the conclusion of the Doha Development Round, for the promotion of corporate social responsibility in international trade and for the development of equitable trade in order to eradicate poverty.

The European Union, through its common commercial policy, has a real chance to become the main political actor on the international arena. That is why an active position within the WTO can guarantee the EU the role of the leader for a better world.

Good cooperation between the European Union and the World Trade Organization, to coordinate initiatives, and lobbying in favour of these new ideas, can result in the European Union being the main political voice for changing the world while the WTO further develops as the most important and reliable international organization during the coming years.

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