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United States Promotes Development Through Aid for Trade

United States nearing 2010 objective for \$2.7 billion in Aid for Trade

WASHINGTON, D.C. – U.S. Trade Representative Susan C. Schwab announced today that the United States increased its annual spending on Aid for Trade programs, also known as trade capacity building, to \$2.3 billion in the 2008 fiscal year, an increase of 60 percent from the 2007 fiscal year. Since 2000, the United States has provided more than \$9.7 billion in total trade-related assistance to our less developed trading partners.

“We continue to work to meet the \$2.7 billion target in annual Aid for Trade initiatives by 2010, a commitment we made at the 2005 World Trade Organization’s Hong Kong Ministerial Meeting,” said Ambassador Schwab. “This is another example of the ongoing U.S. commitment to promoting development and achieving a successful conclusion to the Doha Round negotiations.”

The United States is the largest single-country provider of trade-related assistance, including development of trade-related physical infrastructure. This assistance is aimed at helping developing countries take advantage of the opportunities of the global trading system, and more broadly, harness trade as an engine of growth and development.

The U.S. approach to trade capacity building emphasizes grants - rather than loans - and allocates funds based largely on local needs as determined by recipient countries. For example, U.S. trade capacity building projects help small and medium size businesses and farmers enter markets and promote diversified economic growth around the world. The U.S. Agency for International Development and the Millennium Challenge Corporation are the largest U.S. providers of Aid for Trade programs.

“Our ability to provide effective programs that help countries harness the growth potential of trade relies on developing countries, particularly the least-developed, including trade in their development programs,” Ambassador Schwab said. “Our commitment to our developing country partners remains unwavering, and we recognize the growing importance of these countries’ contributions to the global trading system. Aid for Trade is a shared responsibility between recipient countries and donors.”

Background

At the World Trade Organization's Ministerial meeting in 2005, the Hong Kong Ministerial, WTO Members agreed to establish an Aid for Trade Task Force, to examine how to improve trade-related development assistance. At the same time, the U.S. government stated its objective of reaching \$2.7 billion in annual spending in trade-related development assistance by 2010. Meeting this target would constitute a doubling of such assistance as compared to 2005 levels.

The Aid for Trade Task Force completed its work in July 2006. Mr. Pascal Lamy, the WTO Director-General, has followed up on the Task Force report, including by organizing three regional reviews and one global review of Aid for Trade last year. The United States is also working to promote more effective Aid for Trade practices as an active participant in multilateral initiatives, including the Enhanced Integrated Framework, a multi-donor effort that helps the least-developed countries improve participation in the global trading system.

Trade-related assistance is a complement to trade liberalization, and the United States recognizes that the greatest benefit to developing countries is achieving an ambitious outcome in the Doha Round negotiations that results in new market access opportunities for their exports and new foreign direct investment in their economies. We are working actively to achieve this goal.

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