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Trade-related support measures - Synthesis of the country case studies

Ramesh Sharma and Jamie Morrison

1. Introduction

Following up on the previous two chapters on trade policy and mainstreaming, this chapter presents a synthesis of the findings on trade-related support measures (TRSMs) in the five country case studies. As is the case with the country studies, this chapter also needs to be read together with the previous two chapters because of the logic that TRSMs need to be fully consistent, or mainstreamed, with trade and other policy frameworks.

The next section explains why the case studies used the term TRSM rather than the more well-known concept of Aid for Trade (Aft) measures. Section 3 introduces the five case studies. Section 4 then summarizes several key findings in the form of lessons learnt or as guidelines towards improving the process of articulating TRSMs. This is also a contribution to the efforts underway in operationalizing the global Aft initiative at the country level.

2. The concept of trade-related support measures in the case studies

The case studies in this volume use the term TRSMs instead of Aft. There were two main reasons for this. The first reason is that Aft is about external funding to trade support while TRSM does not make that distinction and covers all support measures that a government provides or should provide irrespective of the source

of funding. Thus, many trade-related incentive measures or subsidies are granted by governments through their own resources and there is no reason why this should be excluded from the analysis. The second difference is that TRSMs are meant to cover all tradable products, including importables, that require support from the trade side whereas AfT is often seen as support to exports, although this is not clear from the report of the 2006 WTO Task Force on AfT. In that report, there are several places where it is explicitly and clearly stated that AfT is for exports,¹ but then one could also argue that AfT is intended to cover all sectors in view of the emphasis given throughout the report on growth and poverty reduction goals and references to the PRSP process.

Aside from these two points, there is really no difference between the term TRSM used in this volume and AfT. Thus, on scope, the six AfT categories in the Task Force report are broad enough to cover everything. Its “building productive capacity” category covers agriculture and industry in their entirety and so this is not an issue. Likewise, on the underlying approach, the AfT operationalization at country level calls for articulating support measures from within the PRSP and other policy processes, and this is also the approach used for analysing TRSMs in the case studies.

The definition and scope of the AfT as recommended by the Task Force was also discussed during the conduct of the country case studies, especially in expert and stakeholder meetings. It was not found easy to delineate what is AfT and what it is not, as also noted in several recent papers on AfT.

3. Introduction to the five case studies

Although all five case studies on TRSMs had the same Terms of Reference, the papers differ in some respects for reasons such as the availability of statistics on TRSMs, materials for review and analysis, and the outcome of stakeholder consultations. In a way, this was useful as this brings out different perspectives on various issues. What follows introduces the papers from two standpoints: i) the information and literature used; and ii) the structure of the papers and analyses undertaken. On the former, the following are the main sources of information used: the OECD/CRS data on AfT flows, similar statistics from national sources, the Diagnostic Trade Integration Study (DTIS), WTO notifications on domestic support measures, and agricultural investment outlays. Indeed, all case studies began by trying to review the current status on TRSMs or AfT flows but this was not possible in all cases as noted below.

¹ For example, the following is said in the rationale section of the Task Force report, “Aid for Trade is about assisting developing countries to increase exports of goods and services, to integrate into the multilateral trading system, and to benefit from liberalized trade and increased market access”.

On the second point above, the underlying analytical framework for all five case studies is identical, which is to review the current process of articulating and prioritizing TRSMs. The key word is process, rather than numbers or quantification of the flows. Accordingly, the starting point is the review of key policy documents. In the context of this paper, these are policies on development (PRSP), trade, agriculture, industry and food security. Although this was also the approach taken in the mainstreaming case studies, the focus here is on support measures, programmes and projects. Within this broad framework, national analysts were free to organize the analysis and focus of the papers, hence some differences in the way the papers are finalized.

Nepal's case study has two main sections. The first reviews current practices for identifying TRSMs in the more trade-related areas traditionally led by the Ministry of Trade, with national trade policy and two DTISs, and the IF/EIF process as the main sources for the analysis. The second section focuses on agriculture, reviewing one past national programme that sought to develop a number of high value commodities to be driven by market demand and trade, and two ongoing agricultural commercialization projects. These are all processes led by the agricultural ministry. This analysis of the trade side on the one hand and agriculture on the other was useful because the success of the trade policy, as far as several agricultural commodities identified as priority products is concerned, depends on the effectiveness of the process led by the agriculture ministry. It also notes that there are weaknesses in this articulation process and challenges to be overcome for mainstreaming and prioritizing TRSMs.

Ghana's planning framework at the strategic level is very impressive and is the most advanced of the five cases in view of the availability of a series of linked and largely consistent policy frameworks – the PRSP (GPRS II), trade policy and its implementation plan (the Trade Sector Support Programme or TSSP), and agricultural policy (FASDEP II) and its implementation plan. The PRSP itself is designed around some core objectives, with the inputs of all productive sectors focussed on a single pillar with its strategy of "agriculture-led growth". All policy frameworks stress the role of markets, competitiveness and enabling private business environment as the way forward, and, unlike the case found in some other countries, the food sector is given its due prominence.

Not being an LDC, Ghana does not have a DTIS, but its TSSP, which resembles the Action Matrix of a DTIS, compensates for that. The TSSP has formulated 26 projects and numerous outputs and activities within them. These are comprehensive and cover all trade development projects, including for importables. In agriculture, Ghana's Agricultural Sector Plan (2009-2015) provides details on investment areas and projects. Being a recent work, these are also aligned to the priorities of the GPRS II. For this reason, the prospect of the TRSMs being mainstreamed within the GPRS II is best for Ghana of all the case studies. One weakness noted in the case

study was in addressing the issue of targeting “strategic” sub-sectors/products for special treatment. The list of such products seems to be too long to be effective enough for prioritizing TRSMs. Also not very clear are the special treatments that will be accorded to these identified products. Some more work is needed in addressing the issue of special or strategic products.

The Tanzania case study stands out among the five in terms of the use of the AfT and TRSM database from various sources. It reviews three sources of data: i) the OECD/CRS data; ii) AfT/TRSM flows using national sources arranged as per the DTIS Action Matrix; and iii) agriculture sector outlays. Together, these provide a good picture of the current situation and also issues.

Tanzania’s PRSP (the NSGRP) is considered relatively weak on the trade side, but then it endorses the trade policy which is comprehensive. According to the NSGRP, external trade is not just about exports but should also be a force for stimulating domestic productive capacities and competitiveness. This leads to the emphasis on value chains, shifting the focus to commercialization and trade rather than to just primary production. It is also balanced in the sense that high importance is placed on both the export and food crops, including value chains of processed foods for domestic and regional markets. The budgetary outlays on agricultural investment show that donor and government support is focussed on primary production, and so the strategy calls for spreading support across the value chains.

In the light of these provisions in the PRSP, and trade and agricultural policies, the exclusive focus of Tanzania’s DTIS on export products is misplaced. But otherwise the DTIS is a solid contribution to a well-articulated *export* strategy. A more recent attempt to articulate trade and agricultural policies, the Kilimo Kwanza (“agriculture first”), is relatively balanced in the prioritization of strategic products for growth and poverty reduction. It also seeks to promote Tanzania’s potentials for growing surplus food and exporting to regional markets. The regional EAC policy frameworks push the idea of intra-EAC trade and have proposed new activities for regional value chains, especially of food products. The target is to double intra-EAC trade in food to 30 percent by 2015.

The Sri Lanka study also made some use of the OECD/CRS database to start with but the information on AfT flows was incomplete and thus misleading. No corresponding flows from national sources could be put together as statistics are not easily accessible. Not being an LDC, there is no DTIS either. This case study is somewhat different from others in that, aside from covering some broader cross-cutting issues, the analysis of constraints and potential interventions are illustrated using two value chains, vegetables and coconut kernel products. The study also provides a critical review of the 2004-08 National Export Strategy (NES), which is the main document for identifying constraints to exports and policy responses. It is also prepared through a multi-stakeholder dialogue.

The analyses of constraints and required interventions for the two value chains illustrate the added value of using the value chain framework for articulating TRSMs. Although a majority of support needs are product-specific (e.g. drip irrigation for vegetables), the value chains also point to many common solutions, e.g. constraints imposed by land and labour policies. While the NES is the main document on TRSMs for export products, it is considered to have taken a top-down approach with limited continuity and weak record in implementation. This needs to be reversed with a bottom-up planning approach, and the best way to do that is through value chain analysis which brings out critical micro-issues often overlooked. Stakeholder consultations should be an integral component of this process.

The Sri Lanka case study mostly discussed export products but acknowledged that there are also corresponding important issues on importables, notably the foodstuffs, that deserve attention of the TRSMs. It notes that export crops received a heavy focus in the PRSPs and trade policies since 1977 and it is only in the latest PRSP, since about 2005, that traditional agriculture and foodstuffs have received considerable attention. It is therefore essential that food issues are also brought within the ambit of discussions on TRSMs or Aft. This would require a TRSM strategy for foodstuffs similar to the current NES for exports.

Despite being an LDC, Bangladesh did not undertake a DTIS. Instead, the case study reviewed the country's WTO notifications on domestic support measures, which were fairly detailed, and a trade Taskforce Review by the WTO Secretariat in 2003 which had information similar to the Action Matrix of a DTIS. It detailed major actions taken and/or decided upon by the government for the development of trade and agro-based industries. In addition, several background studies were commissioned covering export incentive schemes and constraints to the export of vegetables and shrimps.

Consistent with the observations made in the case study on trade policy that export promotion received major attention in both trade policy and trade literature, the identification of TRSMs has also been predominantly focused on export promotion. However, the picture that comes out from a review of the totality of agricultural support outlays is somewhat at odds with this focus in policy documents because import competing foodstuffs do receive significant support in the form of fertilizer subsidies, irrigation and research.

The domestic support data show that for recent years, outlays on the WTO-defined trade-distorting subsidies (Amber Box) not only exceeded investment (Green Box) but also grew faster. Economists generally favour investment to subsidies and striking the right balance between the two is a long-standing issue. This is also a TRSM issue, given that resources are limited. The analysis of the Actions in the trade Taskforce Review showed that there were one or more incentive measures (tax breaks, duty reductions, cash incentives etc.) provisioned in 14 of the 19 Actions.

Incentives are also a divisive issue. One issue is their effectiveness; the other is prioritization. Some of the background studies prepared for Bangladesh provide interesting discussion on these issues.

4. Towards articulating mainstreamed TRSMs

This section synthesizes key suggestions made in the country case studies. These are meant to contribute to improving the current process of articulating TRSMs so that these are adequately mainstreamed within the trade and development policy frameworks. These observations also respond to some of the weaknesses identified in the rapidly growing literature on Aft.

Addressing the challenge of mainstreaming TRSMs in the PRSP and other policy frameworks

This was also an issue addressed in Chapter 3 where the focus was on mainstreaming trade policies in development frameworks. The context here is mainstreaming TRSMs, i.e. ensuring that the identification and prioritization of TRSMs is consistent with strategies and policies in the PRSP and other policy frameworks. As the issue is similar, the following discussion is relatively brief.

The trade agenda in modern times is very broad. This is obvious from the range of the issues covered by the WTO Agreements and also many national trade policies. This is also true of the TRSMs, e.g. the six broad categories of support measures identified by the Aft Task Force.

The TRSMs may be categorized into two groups. The first group would include measures that are traditionally more trade-related as well as sector-neutral development activities. These include, for example, trade facilitation (better customs), trade negotiations, trade-related legislations, trade promotion, intellectual property rights, facilitating SPS/TBT enquiries, and so on. In terms of the Aft categories, these would mainly be categories (i) and (ii) (trade policy and regulations, and trade development). These are activities traditionally led by the ministries of trade, essential for any economy, and not considered divisive in the sense that the debate is over whether or not to deliver these services (and typically, more is better than less). The issue could be on prioritizing activities within each of these measures, e.g. which and how many customs offices to be modernized, but not so much across these services.

The second group of the TRSMs would include activities that are product- and sub-sector- specific and require difficult policy choices and prioritization. An example of this from the discussions on trade policy and mainstreaming (Chapters 2 and 3) is support measures for prioritized strategic or special products found in PRSPs and

trade policies. For example, Nepal's trade policy has identified 19 such products for export development, about half being agricultural. This process already involved one round of prioritization of the TRSMs (i.e. in committing resources to these and not to others). Working out support measures and incentives for each of them will entail the second round of prioritization. Resources have opportunity costs and a mistake made in the first round (product identification) will magnify such costs as one moves to further rounds. It is precisely for this reason that the case studies devoted considerable attention to the issue of mainstreaming.

The conclusion drawn on this issue in Chapter 3, "when it comes to trade policies for the productive sectors (agriculture, agro-industry), a sequential process of policy formulation improves mainstreaming considerably," also applies equally to TRSMs. In other words, the process of identifying priorities and associated TRSMs should begin in sectoral policies (agriculture, agro-industry), based on clear criteria that should ideally come from the PRSP itself. If done thoroughly, e.g. within a value chain framework, the identified TRSMs will include both the trade-related measures (e.g. incentives for value addition and exports, appropriate tariff structure for inputs and competing outputs, trade promotion etc.) and non-trade measures (e.g. agricultural research, extension, rural roads etc.). A good analysis should also point to the trade offs and complementarities. The role of the trade policy should be obvious by then, which is to ensure that the identified TRSMs are adequately provisioned. This sequential process should minimize many of the mainstreaming problems noted in the case studies.

Ensuring that the TRSMs are channelled to both exportables and importables in a balanced manner

One substantive conclusion reached in all five case studies is that there is a risk that import-competing agriculture and agro-industry may not receive as much attention as these sub-sectors should receive in the allocation of the TRSMs, especially the AfT resources. The risk comes from the fact that national trade policies, including the DTIS where formulated, tend to disproportionately focus on exports and much less on import-competing agriculture and agro-industry. Although there are separate sectoral policies and support measures for agriculture and agro-industry, trade policies need to be balanced in providing support to all important economic activities. The PRSPs, on the other hand, are typically balanced in according due importance to the two sub-sectors.

The Ghana case provides a good example of an approach that could lead to a balanced outcome on the TRSMs. For agriculture, following up on the guidance provided in the PRSP, the strategy consists of six elements. The first element targets high-value agricultural exports with a view to generating incomes, while the second element targets production and marketing of food crops with a view to reducing poverty and food insecurity (the other four are support elements). These

are also the two parallel pillars outlined in the PRSP and national trade policy. In contrast, the focus of Nepal's trade policy and the DTIS is exclusively on exports. All 19 products or sub-sectors identified for special attention are export products. The argument given is that Nepal's trade policy should focus on exports in view of its small domestic market. While not incorrect, this view is not fully consistent with the guidance in the PRSP and also not responsive enough to the problem of surging food imports in recent years. Trade policies, including TRSMs, have important role to play towards decelerating this trend.

In Bangladesh too, most of the actions under the 2003 Task Force Review on trade policy had an almost exclusive focus on exports, to the extent that the heading under which most of the agriculture related measures were listed is "Development of Export-Oriented Agro-based Industries". In Tanzania, the focus of the DTIS, including the support measures provisioned there, is exclusively on exports, a position that is not consistent with that in the PRSP, nor with the widely held view in the country that Tanzania has a comparative advantage in producing surplus food and exporting to the region. The EAC regional trade and food security policies also call for mobilizing TRSMs for this strategy.

This relative neglect of the food sector *vis-à-vis* export crops during the past two decades or so is being recognized, more so following the 2007-08 global food crisis. Follow-ups to the current trade policy frameworks, including the DTIS where applicable, need to be more balanced.

The right balance between investment and subsidy

This is an issue more applicable to productive sectors like agriculture and industry than to trade, and is a longstanding development issue and a dilemma facing policy makers. In many developing countries, large amounts of budget are often allocated to fertilizers and other subsidies. These subsidies compete with investment on areas such as irrigation, rural roads and infrastructure. Many studies show that investments have higher rates of returns than subsidies and are essential for building productive capacity. This lesson needs to be reflected in programming TRSMs.

The five case studies address this issue to some extent. The reviews show that all the major policy frameworks have provisioned an array of both investments and subsidies or incentives. In some cases, it appears that subsidies are substantive relative to investments. Bangladesh's WTO notifications on domestic support measures show that during 2001/02-03/04, 46 percent of the total notified support was for fertilizer subsidy and 54 percent for general services (research, extension, irrigation etc). The budget allocation in 2005/06 for subsidies and other assistance to the agriculture sector has doubled. Bangladesh's case study also shows many incentive schemes (like cash subsidies for exports).

There is a serious dearth of analyses on these issues and so it is not easy to offer more nuanced suggestions. But given the wide range and varieties of the TRSMs of this nature in the national policy papers, some serious analytical work is essential. Such analyses and debates that follow should focus on determining the relative effectiveness of investments and subsidies, including their appropriate mix, in relieving some given constraints, e.g. to reduce the marketing cost of a product. A product value chain is the appropriate framework for such an analysis (see below).

Articulating effective “incentives” measures

Aside from the issue of striking a fair balance between subsidies and investment, identifying the right types of incentive measures (including revenue foregone) is another issue. This topic falls very much within the scope of TRSM or AfT, in view of the prominence given to such measures in the national trade, industrial and agricultural policies. All five case studies discuss this subject in varying detail. In Nepal’s case, for example, one or more incentive measures are provisioned for all 19 prioritized export products. Similar provisions are made in industrial policy. The policy documents do not explain well the basis for having these specific measures, nor are there independent studies that evaluated the effectiveness of these measures in the past. In the case of Bangladesh, one or more incentive measures (tax breaks, duty reductions, cash incentives etc.) are provisioned in 14 of the 19 actions identified in the Taskforce Review. Likewise, Ghana’s TSSP includes a number of incentives and dedicated funds such as export incentives, subsidized loan facilities, incentives for private sector investment in infrastructure and so on. Tanzania’s trade policy also has a section on trade development instruments, with similar provisions as above.

Articulating appropriate incentive measures is a challenge facing all policy makers. Two challenges in particular appear prominent: i) determining which measure is most effective for specific products; and ii) determining the rate of assistance or subsidy. While (i) is an obvious challenge, the second is also important. For example in Nepal’s case, if incentives are to be provided to all 19 export products as provisioned, given the overall budgetary constraint, the rate of incentive is most likely to be so small to be ineffective. The alternative is to focus incentives to even fewer products, but this will have to be handled carefully because there will be political pressures to favour one product over the other (e.g. tea over ginger). These are difficult policy issues and are unlikely to be articulated satisfactorily without some serious analytical work, especially evaluation studies of past assistance, and learning from best practices in other countries.

Articulating support measures within a value chain framework for a balanced identification of TRSMs

The focus of the traditional agricultural programmes has been typically on primary production and accordingly the bulk of the budget is directed to that end. That

view is changing rapidly. There is a recognition in all five case study countries (and elsewhere) of the importance of taking a holistic view while identifying and relieving constraints along the value chain. This follows from what is said to be a paradigm shift in the agricultural development approach consisting of commercialization and market-driven production. For example, it is remarked in the Tanzania study that currently there are very few donor supported projects that covered the whole agricultural value chain. But the need for de-concentrating current support in primary production towards other phases of the value chain has been recognized and expressed clearly in the policy documents. The Nepal case study also illustrates this shift through two large-scale agriculture commercialization projects. About a dozen value chain studies have been undertaken under one of these projects and interventions are being designed for all phases of the chain. The Ghana study illustrates some new approaches being tried that rely on value chains as the organizing framework. These include Agricultural Value Chain Facility under the DANIDA project SDSD II and the Strategy Framework for Agribusiness Development in Ghana, proposed for USAID by a study team. It is also claimed that these initiatives and approaches are anchored to national development strategy like the PRSP. The Sri Lanka study also illustrates for vegetables and coconut kernel products the effectiveness of a value chain approach in identifying constraints and required interventions.

The above discussions on investment versus subsidies (and the judicious combination of the two) and incentive schemes also illustrate the importance of a value chain framework for articulating TRSMs. There are important trade-offs between various forms of interventions and also complementarities in attaining some given objective and these can be identified only through a holistic approach to product development.

Stepping up of bilateral and regional projects and programmes

Some of the constraints to trade facing the case study countries, like others, are regional, sub-regional and cross-border in nature, and so cross-border infrastructure and regional policy cooperation should be an integral part of the process of articulating TRSMs. All five case study countries are members of one or more regional trade bodies (RTAs), with Tanzania already within the ECA customs union and Ghana moving in that direction in ECOWAS. The Ghana study discusses a recent ECOWAP-CAADP Regional Compact. Formulated in the context of the 2007-08 global food crisis, a regional initiative for food production seeks to promote value chains for selected food products with a view to enhance intra trade and reduce food imports. In South Asia, regional initiatives are being promoted under the auspicious of SAARC, beginning in 1996 with the first funding mechanism called *South Asian Development Fund* (SADF). In 2008, a SAARC Initiative on *Regional Food Security* was launched with a view to formulate regional projects with the assistance of the ADB, Manila. By 2010, work was underway to develop five such

projects, including (in the area of trade) upgrading of food safety in SAARC Member States, and institutionalization of SAARC mechanisms for the control of trans-boundary animal, aquatic animal and plant diseases.

That more needs to be done at the regional level is not a divisive issue but an important observation to note. There are two issues to be addressed. One is to open the way for multilateral lending agencies to provide loans to regional projects. This requires individual members of an RTA to work together to formulate regional projects. The lending agencies may also need to put more efforts into this. A second issue relates to a criticism that national PRSPs have given very little attention to regional approaches. This is true for now but should change in the future PRSPs. In Africa, some of the most recent developments in RTAs (e.g. the ECA customs union) happened after their current PRSPs were formulated. The next round of PRSPs will need to devote attention to this.

Effective stakeholder consultations for articulating TRSMs

The importance of stakeholder consultations in formulating trade and development policies and in ensuring that they are mainstreamed has been stressed in all case studies. This also applies equally to articulating TRSMs because appropriate TRSMs can only result from appropriate policy frameworks. Such consultations are now held routinely for these activities; the issue is one of their effectiveness. The current weaknesses of this process and suggestions made for improvement were summarized in Chapter 3 on mainstreaming policies. Briefly, two weaknesses were stressed. One is that the process is still not inclusive enough, i.e. not all stakeholders holding different views are invited in such meetings. This is one reason why policy documents are often not consistent on key policy positions and priorities. The other weakness is that such meetings are organized rather poorly, without the benefit of prepared analyses and briefs on alternative positions and their implications. As a result, inputs from participants are often lacking. Importantly, these weaknesses also apply to inter-ministerial/agency meetings. In addition to these processes at the centre or policy level, there is a need for stepping up of effective stakeholder consultations at the micro level. The appropriate framework for this is product value chain because it brings together all economic agents and their problems and concerns. This is also the appropriate forum to discuss trade-offs involving policies and support measures (investments, subsidies and incentives). As an example, the value chain works underway in the two agricultural commercialization projects discussed in the Nepal case study provide excellent platform for this type of analysis and learning.

Quantifying TRSMs or AfT for the purpose of prioritization and monitoring progress

Although the primary focus of the country studies was to understand the *process* of articulating TRSMs, benchmark statistics on the current level and distribution

of TRSMs were also considered essential for this work. For this reason, some efforts were made in all case studies to compile and quantify TRSMs or AfT flows. This proved to be difficult as information was simply not easily accessible in key ministries. To make up for that, some studies used the OECD/CRS database on AfT, recognizing that this only covers donor support and not the full range of the TRSM. Some of the issues with the OECD/CRS data are discussed in the Tanzania case study. Besides not covering all TRSMs in the country, the AfT data miss out on the details where aid is not allocable by sub-sectors. This data might even significantly under-estimate aggregate AfT flow if general budget support (GBS) provided to countries is not included in that database, as is suspected in some cases. Even at the country level, it is difficult to uncover and disaggregate the GBS support to various areas until after some years.

When the objective is not just to monitor the flow of the AfT over time but to link that support to priority areas and needs, statistics need to be much more disaggregated. For example, the review of PRSP and trade policies shows that one of the strategies in all five countries is to focus resources on targeted priority products and sub-sectors. In Nepal's case, nine of the 19 such products are agricultural. To implement that strategy of prioritization, it is essential first of all to benchmark the current levels of support to all these products (and also to other products not targeted because the overall resource is limited) and then only work towards reallocations. Likewise, the review of the trade and agricultural policies show that in order to enhance trade competitiveness, governments have committed to put more efforts on the upstream phases of a product's value chain. For this too, it is essential first to understand where current supports are focussed. These are not going to be easy and will require special initiatives to benchmark current flows, reallocate them according to priorities and monitor the progress.

In addition, some discussions were held during the studies on the concept and scope of TRSMs. The WTO Task Force has identified six categories for AfT: i) trade policy and regulations; ii) trade development; iii) trade-related infrastructure; iv) building productive capacity; v) trade-related adjustment; and vi) other trade-related needs. In those discussions, there was some uneasiness with the idea of aggregating the more trade-related areas (i, ii, v and vi) with the rest (iii and iv) in order to come to an aggregate measure of the AfT or TRSM. It was also noted that it will be very difficult to reach a consensus on the "trade content" of the numerous activities within (iii) and (iv).

One suggestion made is that a more practical and useful exercise would be to consider the following three categories *separately* for the purpose of monitoring and review: a) trade development (AfT categories i, ii, v and vi); 2) building productive capacity (AfT category iv, *separately* for the main sub-sectors, e.g. agriculture, industry); and 3) infrastructure (category iii). But even here, as said above, statistics need to be disaggregated to be useful for programming TRSM.

