In March of this year, the federal government announced its intentions to provide the world's poorest countries greater access to the Canadian marketplace. The initiative would see all imports from the 48 least-developed countries (LDCs), except supply managed products such as dairy, poultry and eggs, enter Canada duty and quota free. With this undertaking, Canada joins the European Union, which in February 2001 announced its own zero duty, zero quota initiative dubbed "Everything but Arms", at the forefront of efforts to broaden poverty reduction measures beyond foreign aid. As an organization pledged to alleviating poverty and improving people's lives through research and the knowledge it generates, IDRC applauds this effort.

Over the past decade, the value of items entering Canada from the LDCs has averaged C$300 million. Currently, least-developed countries imports - mostly apparel, food and crude oil - account for only one tenth of one percent of the total imports to Canada. Even in sectors which have shown steady growth over the past decade - textiles and apparel for example - LDC market penetration remains modest. This suggest a fair scope for increasing LDC imports without seriously harming Canadian interests. The opening up of Canadian and other developed country markets to poor country imports represents an important first step in reversing the steady erosion in the LDC share of world trade, which now stands at a mere 0.5 percent of the global total. Moreover, it may help raise incomes from export revenues in these countries and thus contribute to improving key indicators of sound human development such as life expectancy, child mortality, primary school enrollment and the rate of economic growth.

There is ample evidence, including a recent World Bank study, which shows that the poorer countries face higher impediments to trade: "In general, tariffs in high-income countries on imports from developing countries, though low, are four times those collected from industrial countries (0.8 percent as opposed to 3.4 percent). Subsidies and other support to agriculture in the high income countries are particularly pernicious......more than six times all development assistance. Distortions in tariff codes - exceptionally high tariffs on developing country products (tariff peaks), embedded incentives against processing abroad (tariff escalation), and tariffs that are far higher once specified import ceilings are reached (tariff rate quotas) - and trade practices, such as frequent recourse to anti-dumping actions, are often more important
impediments that keep the poor from taking advantage of trading opportunities." (World Bank, Global Economic Prospects, 2002, p. xii)

Moreover, primary products traditionally exported by LDCs, which have historically faced low tariffs, have undergone precipitous price declines in recent years. The United Nations Conference on Trade and Development terms the "breadth and depth of commodity price declines during the past two years, at least since the early 1980s, [as] unprecedented. The composite index of non-oil commodity prices fell by more than 30 percent during the period 1998-1999." (UNCTAD, The Least Developed Countries, 2000, p. 7.) It remains the case that the economic fortunes of many LDCs directly depend on the movements of commodity prices in the international markets. Given these facts, this initiative, which targets the poorest countries, can only be characterized as pro-poor and a positive step forward.

In reducing the duty and quota barriers to imports from the world's poorest countries, Canada is following through on commitments it and other developed countries made at Doha. This initiative has great symbolic value that we ignore at our peril. It is the first step in extending the benefits of globalization to all countries. This pledge by developed countries helped to reinvigorate flagging global trade and failure to follow through will have serious consequences for future talks. Developing countries and developed countries alike, therefore, will be watching to see how, when and whether Canada extends this initiative to other larger developing countries, which account for a greater proportion of Canada's trade outside OECD countries.

The challenge for LDCs now lies in squeezing full value from increased access to developed country markets. The extent to which individual countries can seize the opportunity presented by this measure will be determined largely by each nation's "supply capacity." Will countries have the physical capacity to produce and export more? Investment, foreign and domestic, aided by government policies and programs, and infrastructure improvement schemes, would help with this process. Governance issues related to an enabling policy and legislative environment can play a critical role in this scenario. Informed decision-making by those in positions of responsibility can go a long way in creating the conditions needed to help producers and exporters flourish. The extent to which the LDCs will be able to diversify away from traditional exports and towards higher value-added products will also be crucially determined by the physical and policy environment within which manufacturers and exporters operate.

The cornerstone of IDRC's work has been a strong link to the aspirations and needs of the people in the developing world. In Seattle and in Doha those aspirations were translated into demands for greater access to northern markets. If global trade talks are to make headway, these calls must be heeded and developing countries must fully exploit the opportunities they negotiate for themselves. Research, especially the kind that informs policy making and legislative processes, will be pivotal to informed decision making by developing countries.

IDRC's mandate set out in the 1970 Act that led to its creation is: "to initiate, encourage, support, and conduct research into the problems of the developing world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions." Our mission, "empowerment through knowledge" reflects our commitment to ensure that developed countries are able to seize and fully benefit from the opportunities such as those offered by this initiative.

Over the past decade, IDRC has focussed its energies in trade-related matter on the "soft-side" issues of governance rather than the physical trade-enabling infrastructure. Support has been given to developing country researchers examining the policy links among trade, employment and competitiveness factors. There has been a strong emphasis in IDRC support for the
national and international dimensions of trade relations. The Centre recognizes that if developing countries are to participate effectively in the world economy, they have to be prepared to participate meaningfully in international and regional trade fora. This necessitates an ability to clearly articulate their interests and perspectives and to adapt domestic policies to take advantage of opportunities and mitigate against setbacks in their trade relations. Initiatives, such as the one proposed by the Canadian government, dovetail nicely with IDRC’s capacity building efforts.

In exporting to Northern countries, LDCs and, indeed, all developing countries must also learn to deal effectively with impediments to trade that are not duties or quotas. Common "technical barriers to trade" include: technical standards and regulations, product content requirements, sanitary and phytosanitary measures, mandatory labelling, packaging requirements, voluntary measures such as eco-labelling and supplier requirements. Countries that cannot meet the environment and health-related standards and regulations in developed country markets are effectively barred from trading in those markets.

A British university study suggests that products standards and technical barriers to trade may be so pernicious that in some instances "wholesale structural and organisational change [in LDCs] may be required in order to comply" with them.

Two main factors undermine the ability of LDCs to meet these standards: the lack of access to appropriate scientific and technical expertise to control for and demonstrate compliance; and the incompatibility of developed country requirements with prevailing production and/or marketing methods in developing countries. "Developed country SPS requirements are clearly promulgated in the context of their own agricultural and food supply chains and in certain cases these may be incompatible with systems of supply in developing countries" ("Impact of sanitary and phytosanitary measures on developing countries", Centre for Food Economics Research, University of Reading, UK, April 2000, p. 36).

The implication, then, is not only for improved facilities but also for more democratic systems of standards setting, incorporating LDC viewpoints from the outset, as well as capacity building on the LDC side to participate effectively in such structures.

Technical barriers to trade have been the subject of research by a network of IDRC supported researchers in Central America, South Asia and Southern Africa. The results from case studies that focus on particular products, for example fish products and shrimp in Mozambique and Namibia, will be used to identify policies at national and international levels that can help to reduce or eliminate the adverse effects of such barriers.

In addition to the challenge of making the most of enhanced export opportunities, there is a second no less important challenge that LDCs must deal with. Linking the benefits from higher levels of exports to a sustained development effort involves a myriad of linkages within these countries. The route from more trade to perceptible poverty reduction is a long one.

IDRC is committed to creating the information base on which developing countries may make the decisions that lead to a successful integration into the global economy and to sustained human development.

IDRC’s Micro Impacts of Macroeconomic and Adjustment Policies program, one of its largest, is directly concerned with supporting the database and analysis on which policy decisions - including those related to trade - may be made.

IDRC’s Trade, Employment, and Competitiveness program remains its largest undertaking. During the past ten years, the Centre has invested more than 30 million dollars in this area.
This commitment will continue, indeed accelerate. With this support developing country researchers can build the information and knowledge they need to fully exploit and ensure the success of the federal government's market access initiative.