



WTO OMC

Boosting trade opportunities for least-developed countries

Progress over the past ten years and current priorities



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Cover photo: A tea plantation in the foothills of Mount Mulanje, Malawi.

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Key messages

- › When the international community meets at the Fifth United Nations Conference on the Least Developed Countries (LDC5), special efforts will be more necessary than ever before to assist with the beneficial integration of least-developed countries (LDCs) into global trade, in view of the enormous challenges posed by the COVID-19 pandemic.

- › The implementation period of the Istanbul Programme of Action (IPoA) (2011-20), which set out a vision for LDC development, has been marked with important milestones to boost LDC goods and services exports. Further improvement of preference schemes for LDC products, as well as greater support to facilitate services exports from LDCs, could strengthen the trade performance of LDCs in the next decade.

- › LDCs continue to receive special treatment in the implementation of WTO rules. Transition periods enjoyed by them under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) have been a defining feature of the multilateral trading system. These flexibilities will continue beyond the timeframe of the Doha Programme of Action, which is expected to be adopted at LDC5.

- › Adequate support from LDCs' development partners in responding to the technical assistance needs of LDCs would bring tangible results in reducing trade costs and would help LDCs to improve their implementation rates of trade facilitation measures under the WTO Trade Facilitation Agreement (TFA) – a key achievement since the adoption of the IPoA.
- › The international community needs to continue to support LDCs so that they can fully realize their potential in the agriculture and fisheries sectors, which are vital for the employment and livelihood of people in LDCs.

- › The international community should explore options to sustain the development efforts of economies graduating from LDC status, especially at a time when the COVID-19 pandemic is threatening to derail the hard-won socio-economic developments in these countries.

- › The completion of six LDC accessions since 2011 reflects the importance WTO members attach to integrate LDCs into global trade. The WTO and relevant institutions should continue to provide necessary support so that the eight ongoing LDC accessions can be concluded by the next decade, and make the WTO more inclusive.

- › The global trading landscape has been evolving faster than ever before. LDCs should keep abreast of the forces shaping international trade. It is essential that LDCs have the necessary digital technology so that they can take advantage of the emerging opportunities.

- › The international community should make it a priority to respond adequately to the trade capacity-building needs of LDCs, including how Aid for Trade could be made more effective and efficient.

- › LDC5 should set a path towards helping LDCs fully exploit the potential of trade and should further strengthen the rules-based multilateral trading system so that it can continue to support stability and growth.

Introduction

The Istanbul Programme of Action for LDCs (IPoA) for the decade 2011 to 2020 identified trade as one of the eight priority areas of actions for the economic growth and sustainable development of least-developed countries (LDCs).¹ Calls from the international community to support the integration of LDCs into global trade have been resonating in the WTO over the last decade.

Major advances have been made in enhancing trade opportunities for LDCs, as well as in providing continued flexibilities to implement WTO rules and disciplines. A set of concrete decisions aimed at improving market access for LDC products, such as duty-free and quota-free (DFQF) market access, preferential rules of origin and the LDC services waiver, indicate members' commitment to LDCs' development, while WTO members' generous extension until 1 July 2034 of the transition period for LDCs under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) attests to members' willingness to allow LDCs sufficient time to integrate WTO rules. LDCs have also received special treatment in the implementation of multilateral agreements like the WTO Trade Facilitation Agreement (TFA), which has the potential to reduce trade costs in LDCs.

LDCs thus continue to remain at the heart of the development dimension of the multilateral trading system.

At the same time, LDCs have not been able to take full advantage of the opportunities provided under the multilateral trading system, and their participation in global trade has not reached the desired level. The IPoA goal of doubling the share of LDCs in global exports by 2020 was not met. LDCs' trade performance is conditioned by their weak productive and institutional capacity, narrow export base and limited market destinations, continued and widening trade deficit, susceptibility to high price volatility for primary commodities, and, most recently, by the declining demand and global economic contractions resulting from the ongoing COVID-19 pandemic. LDCs are facing challenges similar to those they were already confronting a decade

ago, and these are severely impacting their ability to recover from the ongoing pandemic.

It is in these challenging circumstances that the Fifth United Nations Conference on the Least Developed Countries (LDC5) will be held. LDC5 should aim to forge a renewed partnership between LDCs and their trading and development partners over the next decade, in order to build a strong foundation of enhanced economic growth and resilience in LDCs that will overlap with the remaining years of the 2030 Agenda for Sustainable Development.

The latest LDC Trade Ministers' Declaration, adopted in October 2021, stressed the importance of the speedy recovery of LDCs from the ongoing pandemic through increased trade opportunities.² It set out LDC trade priorities, including the effective implementation of commitments in favour of LDCs and positive actions on LDC graduation. Other priority areas include specific treatment of LDCs in the disciplines on fisheries subsidies, agriculture, development and trade-related response to the COVID-19.

The beneficial integration of LDCs into global trade continues to be a priority, and the international community must reaffirm its commitment to and support of LDCs, so that trade can continue to be a fundamental driver of their development goals.

¹ A full list of LDCs can be found in Annex Table 4.

² WTO official document number WT/MIN(21)/2. WTO official documents can be searched for via "WTO Documents Online" at <https://docs.wto.org>

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**LDC trade
performance
from 2011 to 2020**

From 2011 to 2020, the share of LDCs in global exports declined from 0.95 per cent to 0.91 cent (see Figure 1). This is a disappointing result compared to the IPoA's target to double LDCs' share in global exports over the same period. The COVID-19 pandemic has only exacerbated the subdued trade performance registered by LDCs in the latter half of the IPoA implementation period.

The COVID-19 pandemic has had a severe trade impact on LDCs. In the second quarter of 2020, when many lockdown measures began or were already in force, LDC merchandise exports declined 30 per cent year-on-year, compared to a 21 per cent drop in merchandise exports at the world level. Overall, in 2020, LDC merchandise exports shrank by nearly 12 per cent in value terms, compared to the more than 7 per cent contraction for the world as a whole. Exports of primary commodities, such as fuel and mining products, have been hit hard with a drop of -41 per cent. Manufacturing plants shut down due to COVID-19 restrictions, and spending dropped due to stay-at-home orders; these effects translated into low demand for primary commodities from LDCs.

The LDC exports of commercial services also declined more sharply than the global average, at -35 per cent compared to -21 per cent, reflecting the disproportionate share of tourism and travel to LDCs.

The LDC trade profile continues to be characterized by concentration in specific products and markets. A limited number of the LDCs account for a larger share of exports of the LDC group. The top ten LDC exporters represented more than 80 per cent of LDC merchandise exports in 2011; this declined to 73 per cent in 2020 (see Annex Table 1).

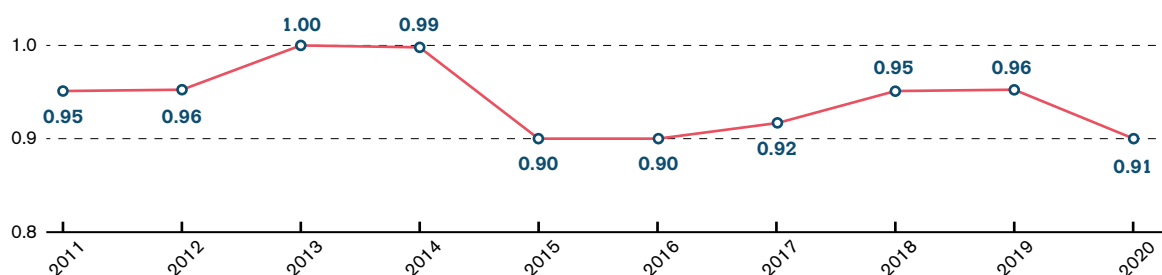
LDC exports continue to be concentrated in five major destination markets: China, the European Union, the United States, India and Thailand. Due to the sharp fall in the prices of primary commodities, there has been a distinct change in the commodity mix of LDC exports over the last decade (see Figure 2). In 2011, primary products (mainly petroleum products) dominated exports with a share of 73 per cent of LDC merchandise exports. In 2020, the share of primary products declined to 48 per cent, due in particular to the sharp fall in the prices of fuels, while LDC exports of clothing registered a higher share in merchandise exports (up from 13 per cent in 2011 to 30 per cent in 2020).

Over the past decade, LDC merchandise export growth has seen sharp fluctuations, and it registered a negative growth rate in 2020 compared to its strong growth performance in 2011 (see Figure 3). The share of LDCs in world merchandise trade stood at 1.01 per cent in 2020, down from 1.06 per cent in 2011. From 2011 to 2019, world exports increased at an annual

Packaging of handicrafts for export markets in Lalitpur, Nepal.

Figure 1 LDC shares in world exports, 2011-2020

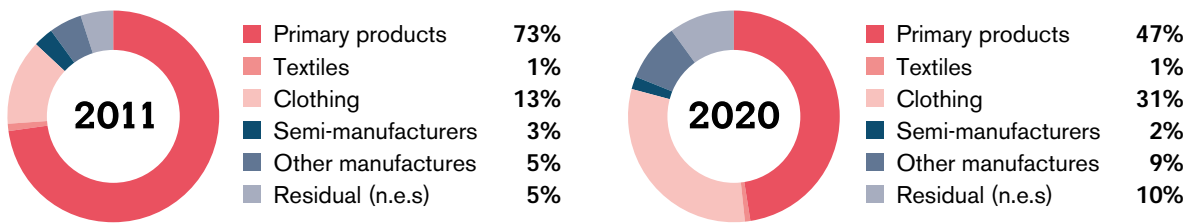
(Percentage shares, BOP/BPM6)¹



Source: Estimates by the WTO and the United Nations Conference on Trade and Development (UNCTAD).

Figure 2 Evolution of merchandise exports of LDCs, 2011 and 2020

(Percentage shares)



Source: WTO estimates based on Comtrade.

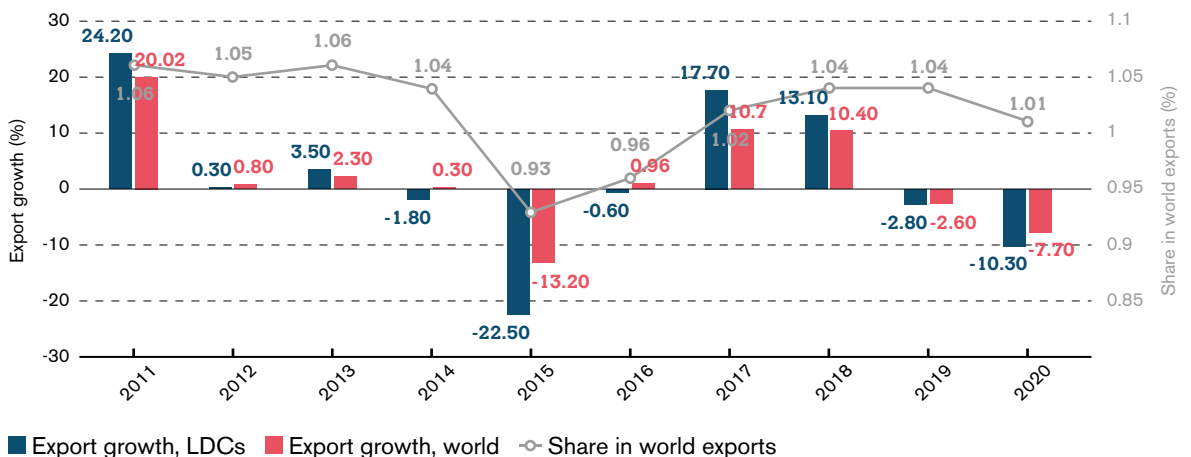
Note: "n.e.s." is "not elsewhere specified".

rate of 0.4 per cent, whereas LDC exports increased by just half of that (0.2 per cent). One important reason for this has been the volatility of prices of primary commodities. Thus, from 2011 to 2020, the annual export growth of oil-exporting LDCs was negative because fuel prices in 2020 dropped to half those of 2011. This volatility in primary commodity prices was exacerbated by the COVID-19 pandemic and the subsequent interruption to global economic activity.

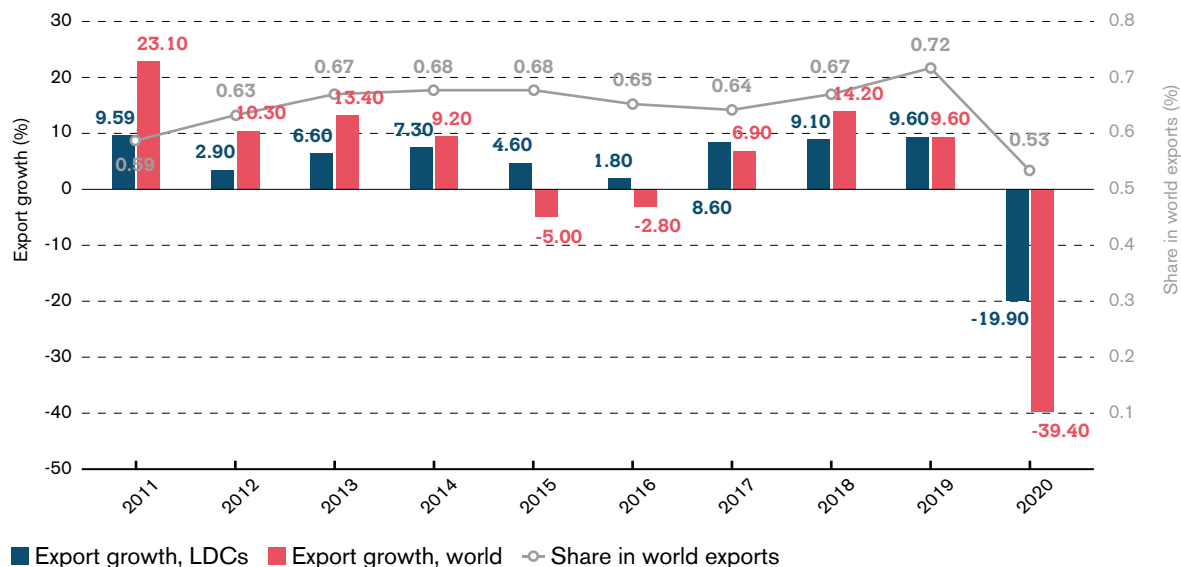
Many LDCs face the challenge of a chronic trade deficit. From 2011 to 2019, there was a fivefold increase in the merchandise trade deficit of LDCs. The economic growth of many LDCs caused a higher

demand for products, which are often not produced in LDCs. In addition, many LDCs are unable to move away from exporting primary goods. A combination of these factors has led to the worsening of their trade deficit.

From 2011 to 2019, there was a 7 per cent annual growth of manufactured exports in LDCs, and over the past decade, the general LDC export structure has seen a gradual decline in primary products because of lower revenues from oil exports, and an increase in manufactured goods due to a growing share of clothing exports. In terms of merchandise exports, manufactured goods still only account for

Figure 3 Merchandise export growth and LDCs' share in world exports

Source: WTO-UNCTAD estimates.

Figure 4 Commercial services export growth and LDCs' share in world exports

Source: WTO-UNCTAD estimates in cooperation with the International Trade Centre (ITC) and the United Nations Statistics Division (UNSD).

40 per cent for LDCs, compared to 66 per cent for the rest of the world.

From 2011 to 2019, LDCs experienced a 6.8 per cent annual growth in commercial services exports, and the world share of LDC services exports increased from 0.59 per cent to 0.72 per cent. However, there has not been a discernible improvement from a low supply base.

In 2020, services exports for LDCs dropped by a staggering 40 per cent, more than double the drop in world services exports. The share of LDCs in world commercial services exports accounted for a marginal 0.53 per cent in 2020, down from 0.6 per cent in 2011 (see Figure 4). For some countries, such as Comoros, Ethiopia and The Gambia, services exports constitute more than half of their total exports (Annex Table 2). Only a handful of LDCs, such as Bangladesh, Myanmar, Nepal and Senegal, have been able to make meaningful progress in exporting

more sophisticated services exports, such as finance, computer services and professional services; however, tourism and business travel remain the primary service sector exports in LDCs.

Because of this, LDCs services exports have been hit particularly hard by COVID-19. Travel exports dropped 88 per cent year-on-year in the second quarter of 2020 due to travel restrictions and lockdowns, and they hardly recovered in the third and fourth quarters. Although the shock caused by COVID-19 to service export demand is probably temporary, it is still crucial that LDCs build their supply-side capacity for services to diversify their economies.

¹ International Monetary Fund (IMF) (2013), Balance of Payments and International Investment Position Manual, sixth edition (BOP/BPM6), Washington, D.C.: IMF.

2

LDC integration into the multilateral trading system



MARKET ACCESS FOR GOODS AND SERVICES

Preferential market access for goods and services represents an essential tool to support LDCs in their efforts to increase and diversify their exports. Over the past decade, further progress has been made by WTO members in the areas of duty-free and quota-free (DFQF) market access and of preferential rules of origin for LDCs, and with the LDC services waiver. Preferential market access will remain a priority area for LDCs in the WTO for the next decade.

Duty-free and quota-free market access

The United Nations (UN) and WTO share the common goal of achieving DFQF market access for LDCs. The call for DFQF access has been expressed via the IPoA and target 17.12 of the UN Sustainable Development Goals (SDGs), and this has also been one of the key priorities of LDCs in the multilateral trading system.

There has been significant progress in providing comprehensive DFQF market access for LDC products. Ever since the adoption of the Ministerial Decision on Duty-Free and Quota-Free Market Access for Least-Developed Countries at the Bali Ministerial Conference in 2013, there has been renewed focus on the implementation of DFQF market access for LDC products. Developed-country members have expanded their DFQF coverage, while key developing-country trading partners of LDCs have introduced DFQF schemes for LDCs. As a result of these schemes, LDCs

enjoy either full or nearly full DFQF access to many of their key export destinations.

Despite this notable progress, there is scope for further improvement of the DFQF coverage in certain markets of export interest to LDCs, and steps taken by members continue to be under review in the WTO's Committee on Trade and Development. The WTO Secretariat has issued dedicated reports on members' DFQF market access for LDCs. Progress in DFQF market access is also discussed in the WTO Sub-Committee on LDCs, which is the only dedicated forum at the WTO to look at systemic issues of interest to LDCs.

The LDC Trade Ministers' Declaration, adopted on 19 October 2021, calls upon WTO members to implement all ministerial decisions taken in favour of LDCs, including on DFQF market access. In recent years, LDCs have submitted proposals for studies to find a way forward for the full and effective implementation of DFQF decisions.

The international community can also contribute to helping LDCs to achieve full DFQF access for their export products. Given LDCs' narrow export base, full DFQF coverage for products originating from LDCs in all developed-country markets and in as many developing-country markets as possible is likely to increase the participation of LDCs in merchandise trade.

One important development in 2019 was the extension of a waiver allowing

A potter at work in Bhaktapur, Nepal.

Target 17.12

Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access.

un.org/sustainabledevelopment/globalpartnerships/



developing-country members to provide preferential tariff treatment to LDC products until 2029. This, along with the improved transparency mechanism, has been providing LDCs with opportunities to explore new market destinations.

Preferential rules of origin

Considerable progress has been made in advancing the goal of ensuring simple and transparent rules of origin for LDC products. Over the past decade, two sets of preferential rules of origin guidelines have been adopted to contribute to facilitating market access for LDC imports.¹ These two sets of guidelines provide certain recommendations with regard to the assessment of substantial transformation, cumulation possibilities and documentary requirements.

Most of the preference-granting members notified their preferential rules of origin using a new template adopted by the WTO Committee on Rules of Origin in 2017.² These notifications have improved transparency, and have allowed the Committee to examine the substantive aspects of origin requirements of preference-granting members, as well as the utilization of preferences by LDCs. Developments in preferential rules of origin for LDCs are reviewed every year by WTO members.³

LDC services waiver

The LDC Services Waiver Decision, which was adopted in 2011, and subsequent decisions relating to its operationalization mark an important step forward in the multilateral trading system. Increasing LDC participation in services trade is an important part of global efforts to support LDCs' greater integration into global trade, as has also been reiterated in the IPoA. Over the years, WTO members have taken incremental steps to support LDC services exporters in realizing trading opportunities.

One of the key milestones in these efforts was the adoption in 2011 of a decision allowing WTO members to grant preferential treatment to services and service suppliers from LDC members – the

LDC services waiver.⁴ At present, the LDC services waiver is valid until 2030 or until a member's date of graduation from LDC status – whichever occurs earlier.⁵

In 2013, a process to operationalize the LDC services waiver was put in place.⁶ Thereafter, LDCs submitted a collective request indicating the sectors of interest in which they wished received preferential treatment, including travel, tourism, hospitality, banking and other financial services, and transport.⁷ The LDC collective request also indicated mode 4 (movement of natural persons)⁸ as a priority mode of supply, particularly for the categories of contractual service suppliers and independent professionals. Other measures range from waiving visas, work permits and related fees, to facilitating the recognition of LDC professionals and the accreditation of LDC institutions.

Increasing LDC participation in services trade is an important part of global efforts to support LDCs' greater integration into global trade.

Currently, 25 WTO members have notified measures under the LDC services waiver in response to the LDCs' collective request.⁹ They represent over 86 per cent of global services trade. The notified measures cover a wide range of sectors and modes of supplies. Top sectors include business services, transport, and tourism and travel. At the same time, most of the notified measures for modes 1 (cross-border supply) and 3 (commercial presence), according to the General Agreement on Trade in Services (GATS), reflect the applied regime. In addition, some members notified measures of specific benefit to LDCs, including visa waivers for businesspersons, e-visa applications, authorized destination status for tourism purposes, and designation of specific contact points.



Farmers work on rice terrace fields in Ambalavao, central Madagascar.

While the notified measures have contributed to ensuring the greater transparency of members' services regimes, the limited availability of data makes it difficult to assess whether these measures have created new opportunities for LDCs.

WTO members periodically review the operation of the notified preferences and technical assistance offered to LDCs to strengthen their participation in services trade. In addition, the WTO Secretariat has been organizing workshops to foster discussions with relevant stakeholders on service-related topics of interest to LDCs. The recurrent themes over the past two years have included the impact of the COVID-19 pandemic, experience-sharing by exporters and importers of LDC services, the ongoing efforts to improve LDC services data, and support for LDC services suppliers. An idea to develop an online services portal, which would take stock of challenges that LDCs meet in utilizing the measures under the LDC

services waiver, was also highlighted. Productive services firms in LDCs are a prerequisite for exploring possible export opportunities.

POLICY FLEXIBILITY FOR LDCS

Over the last decade, WTO members have continued to provide flexibilities to LDCs to implement WTO rules. Longer transition periods for implementing the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) have been one of the key flexibilities available to LDCs at the WTO. The WTO TRIPS Agreement initially allowed LDCs to delay the implementation of the Agreement for a period of 11 years. This general transition period was extended in 2005, in 2013 and in 2021.¹⁰ The current extension lasts until 1 July 2034, or until a member graduates from LDC status, whichever occurs earlier.

At the Fourth WTO Ministerial Conference in Doha in 2001, LDCs were also granted

LDC accessions

The fact that LDC accessions have been gaining momentum over time is reflected in the increasing pace of LDC accessions (see also Annex Table 4). Since the establishment of WTO in 1995, nine LDCs have joined the organization through the accession process, of which six joined after the adoption of the IPoA in 2011. These nine completed accessions are:

- > Cambodia (2004)
- > Nepal (2004)
- > Cabo Verde (2008)
- > Samoa (2012)
- > Vanuatu (2012)
- > Lao People's Democratic Republic (2013)
- > Yemen (2014)
- > Afghanistan (2016)
- > Liberia (2016)

Among the completed LDC accessions, three acceded LDCs graduated from LDC status:

- > Cabo Verde (2007)
- > Samoa (2014)
- > Vanuatu (2020)

Currently, the following eight LDCs are at different stages of the WTO accession process, and of these, half are on the path to graduation from LDC status (see Chapter 4).

- > Bhutan
- > Comoros
- > Ethiopia
- > Sao Tomé and Príncipe
- > Somalia
- > South Sudan
- > Sudan
- > Timor-Leste

a specific transition period which exempted them from providing patent protection and undisclosed information for pharmaceutical products until 1 January 2016. This specific transition period has been further extended to 1 January 2033, or until a member graduates from LDC status, whichever is earlier.¹¹

The entry into force of the TRIPS Amendment in 2017 marked a significant achievement in facilitating access to medicine. It offers a legal pathway for using compulsory licensing for export, thereby enabling access to medicines for people in countries with limited manufacturing capacity. This is the case for LDCs, which are deemed to have insufficient manufacturing capacity, and which are therefore exempt from the notification obligation for using compulsory licensing.

Incentives related to technology transfer have also been an important element of support to LDCs. The TRIPS Agreement requires developed-country members to provide incentives to enterprises and institutions on their territories for technology transfer to LDCs. Since 2003, developed-country members have been providing annual reports on actions taken or planned regarding technology transfer to LDCs.¹² The WTO Secretariat has also organized annual workshops to provide a platform for discussion on technology transfer measures. As part of the 2021 workshop, an assessment on LDC needs and priorities for technology transfer took place in the form of a survey, to raise greater awareness on LDCs priorities. Effective implementation of the relevant WTO agreements and decisions will continue to support the efforts of LDCs to develop a viable technological base over the next decade.

Over the last decade, WTO members have undertaken special efforts to facilitate LDC accessions (see Box 1 and Annex Table 4), including by adopting a set of strengthened LDC accession guidelines in 2012, which built on the initial set of guidelines adopted in 2002. LDC accession guidelines call upon WTO members to exercise restraint in seeking market access commitments from acceding LDCs and set specific benchmarks regarding market access negotiations for goods and services. The IPoA and WTO share the common goal of facilitating and accelerating negotiations with acceding LDCs.

BROADER AREAS OF INTEREST TO LDCS

Trade facilitation

The adoption of the Trade Facilitation Agreement (TFA) at the Ninth WTO Ministerial Conference in Bali in 2013 and its subsequent entry into force in 2017 marked a significant milestone in the multilateral trading system. The TFA has offered a pathway for tackling some of the longstanding trade-related challenges faced by LDCs that IPoA had sought to address.

The TFA introduced a new approach for implementation. Developing countries and LDCs are required to notify their TFA provisions using three categories, and this categorization has enabled these members to set their own pace for implementing the Agreement, and allows them to identify the areas in which they need technical assistance. The three categories are category A (implementation upon entry into force), category B (implementation after a transition period) and category C (implementation after a transition period and the provision of technical assistance).

Once fully implemented, the TFA will help to cut trade costs by up to 14 per cent worldwide. LDCs stand to benefit the most from full implementation, as they could benefit from estimated reductions in trade costs of over 16 per cent. In addition, implementation of the TFA will also support LDCs in their export diversification efforts, in terms both of products and of markets. The 2015 *World Trade Report* finds that full implementation of the TFA could support LDCs in increasing the number of exported products by destination by up to 35 per cent, and the number of destinations by product by up to 59 per cent.¹³

LDCs face challenges in implementing the trade facilitation measures stipulated in the TFA. The implementation rate among LDCs is only 36.8 per cent, according to the existing notification data as of 26 May 2021. Most of the TFA commitments implemented by LDCs include category A commitments

LDCs could benefit from estimated reductions in trade costs of over 16% following full implementation of the Trade Facilitation Agreement.

The TFA aims to cut trade costs by streamlining and harmonizing customs procedures, and to speed up the flow of goods, including goods in transit, thereby helping to boost global trade and contributing to the integration of LDCs into the global economy. Currently, 154 out of 164 WTO members have ratified the TFA, representing over 90 per cent of the WTO membership. Within the WTO LDC Group, more than 80 per cent of WTO members have already ratified the TFA.

80%

Currently, 154 out of 164 WTO members have ratified the Trade Facilitation Agreement, representing over 90 per cent of the WTO membership. Within the WTO LDC Group, more than 80 per cent of WTO members have already ratified the TFA.

(27.8 per cent), followed by category B (5.8 per cent) and category C (3.3 per cent).¹⁴ LDCs have also indicated over half of the total commitments for future implementation, of which 15.4 per cent required additional time (category B future implementation) and 39.2 per cent required technical assistance (category C future implementation).

In terms of technical assistance, 80 per cent of LDCs have already notified their technical assistance needs and nine LDCs have already presented progress in the provision of assistance for capacity-building. Human resources and training account for nearly 60 per cent of the total requests for technical assistance submitted by LDCs, followed by requests for assistance with their legal and regulatory frameworks and with information and communication technologies.

The WTO members created the Trade Facilitation Agreement Facility (TFAF – <https://www.tfafacility.org>) to support developing countries and LDCs in implementing the TFA. The TFAF helps LDCs to prepare their notifications, build capacity and access TFA implementation assistance from development partners, by improving information flows and strengthening the coordination of trade facilitation support. TFAF also has two funding windows for developing countries and LDCs that cannot access trade facilitation support elsewhere: project preparation grants (US\$ 30,000 per project) and project implementation grants (US\$ 200,000 per project).

Agriculture

Over the last decade, WTO members have recognized the special needs of LDCs in the agricultural sector, which occupies a central place in the economies of most LDCs. In 2013, at the Ninth WTO Ministerial Conference, members recognised the need to make progress in enhancing transparency and in monitoring trade-related measures in cotton – a sector of vital importance to the economic lifeline of a group of LDCs in Africa. Moreover, the dual approach of addressing the trade and development assistance aspects of cotton simultaneously



has been a unique initiative in the WTO's response to the specific concerns of LDCs.

The WTO launched World Cotton Day in October 2019 in collaboration with the Food and Agriculture Organization of the UN (FAO), UNCTAD, ITC and the International Cotton Advisory Committee (ICAC). The UN General Assembly adopted a resolution on 31 August 2021 recognizing 7 October as World Cotton Day, which reaffirms the importance of improving market access opportunities for cotton and cotton-related products from LDCs, as well as the need to substantially reduce any trade-distorting effects of undue measures in international cotton trade.

At the 10th WTO Ministerial Conference in Nairobi in 2015, WTO members adopted a number of important decisions on agriculture, including a commitment to fully eliminate all forms of agricultural export subsidies, marking a historic decision in the reform of international agricultural trade.



Fishing in the Salary lagoon, Madagascar.

This decision offers LDCs special treatment, as they can keep the flexibility of covering marketing and transport costs for agricultural exports until the end of 2030. LDCs also enjoy a better framework for international food aid and maximum repayment terms for export financing programmes for agricultural exports supported by governments.

In the ongoing agriculture negotiations, special provisions for LDCs are being contemplated. For instance, LDCs would be exempted from future tariff reduction commitments on agricultural products and would not be subject to the advance notice provision for export restrictions, while benefitting from better market access and enhanced predictability in export restrictions. In addition, any decision that would exempt food purchases by the World Food Programme (WFP) from export restrictions would benefit any LDCs that are recipients of food aid provided by the WFP.

Fisheries subsidies

Over the past decade, significant progress has been made in advancing the negotiations on fisheries subsidies. With the adoption of the United Nations 2030 Sustainable Development Agenda, the international community called for reaching an agreement by 2020 to eliminate subsidies for illegal, unreported and unregulated fishing and to prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, with special and differential treatment being an integral part of the negotiations (SDG target 14.6). In 2017, WTO members reaffirmed this commitment at the 11th WTO Ministerial Conference.

In 2021, WTO members redoubled their efforts to complete the negotiations on fisheries subsidies at the WTO. The Ministerial Meeting on Fisheries Subsidies,

Target 14.6

By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation.



LDC participation in joint initiatives

The global trading landscape has changed rapidly over the past decade, and the views of WTO members on the future of trade negotiations have evolved considerably alongside it. The WTO ministerial conferences have served as signposts for marking this evolution.

This has led to the emergence of the so-called joint initiatives (JIs) by several groups of members in 2017 at the 11th WTO Ministerial Conference in Buenos Aires. The JIs announced cover electronic commerce, investment facilitation for development, micro, small and medium-sized enterprises (MSMEs) and services domestic regulation. An informal working group was established in 2020 to support the economic empowerment of women. In 2020, two more JIs were launched to intensify work among WTO members on trade and environmental sustainability and on plastics pollution and environmentally sustainable plastics trade.

Currently the discussions across all of the JIs continue to evolve. There is growing interest from a number of LDCs in joining these discussions. As of 15 November 2021, 17 LDCs have been participating in the JI on investment facilitation for development, four in the JI on e-commerce, three in the JI on MSMEs, three in the JI on trade and environmental sustainability, and three participate in the JI on plastics pollution and environmental sustainability, while 28 LDCs are participating in the informal working group on the economic empowerment of women.¹⁵ The only initiative in which none of the LDCs have shown an interest so far remains the JI on domestic regulation of services.

held on 15 July 2021, provided an opportunity for trade ministers to exchange views about the latest negotiating text on fisheries subsidies, thereby offering a new impetus to the negotiations. Thereafter, the negotiations intensified, and currently WTO members are at an advanced stage of securing an agreement on fisheries subsidies disciplines.

LDCs have been given a special consideration by WTO members in the fisheries subsidies negotiations, and have been allowed flexibilities in different disciplines being negotiated. For instance, LDCs are exempt from the prohibition on subsidies that contribute to overcapacity and overfishing. In addition, WTO members have been requested to exercise due restraint in raising matters involving LDCs, and to take into consideration the specific situations of LDC members involved in exploring solutions. LDCs are also expected to benefit from targeted technical assistance to fully implement the agreement once it enters into force.

An agreement on fisheries subsidies will be an important milestone for achieving

the SDGs, reinvigorating the WTO and improving people's lives. It would positively contribute to shielding marine fisheries

LDCs have been given a special consideration by WTO members in the fisheries subsidies negotiations.

from depletion and to securing livelihoods for millions of people dependent on marine fisheries, many of whom are living in LDCs.

Development

WTO members continue to reaffirm the provisions of special and differential treatments for developing countries and LDCs in WTO agreements, ranging from provisions aimed at increasing trade opportunities, safeguarding developing and LDC interests, granting longer transition periods and providing technical assistance. Over the last decade, efforts to make some

of these provisions more effective and operational have continued. In 2013, at the Ninth WTO Ministerial Conference, WTO members adopted a monitoring mechanism providing opportunities to members to review implementation of existing provisions on special and differential treatment (S&D) (i.e., special treatment given to developing countries and LDCs in WTO agreements).

In the ongoing discussions on strengthening S&D provisions led by the G90 Group (made up of the African Group, the Organisation of African, Caribbean and Pacific States (ACP) and the LDCs), several S&D provisions relate to LDCs, reflecting the special needs and specific constraints of LDCs in integrating into the multilateral trading system. These include areas such as trade-related investment measures (TRIMs), export subsidies, customs valuation methodologies, technology transfer and provisions to promote domestic manufacturing abilities and accelerate industrialization.

There has been limited progress in responding to the proposals of developing countries with regard to strengthening certain S&D provisions in the WTO agreements, partly due to differences of opinion on trade and development. However, WTO members continue to be sympathetic to the specific capacity constraints in LDCs, and S&D remains a fundamental pillar of the WTO agreements.

¹ See WTO official documents numbers WT/L/917 and WT/L/917/Add.1.

² See WTO official document number G/RO/84.

³ See WTO official document number G/RO/91.

⁴ See WTO official document number WT/L/847.

⁵ See WTO official documents numbers WT/L/847 and WT/L/982.

⁶ See WTO official document number WT/L/918.

⁷ See WTO official document number S/C/W/356.

⁸ Under the General Agreement on Trade in Services (GATS), services can be supplied internationally in four different ways, known as "modes of supply". Mode 4 refers to services traded by individuals of one WTO member through their presence in the territory of another. It covers employees of services firms and self-employed service suppliers.

⁹ See WTO official documents numbers S/C/N/*: Australia (805), Brazil (839), Canada (792/Rev.1), Chile (834), China (809), Chinese Taipei (811), European Union (840), Hong Kong, China (810), Iceland (835), India (833), Japan (820), Republic of Korea (808), Liechtenstein (841), Mexico (821), New Zealand (813), Norway (806), Singapore (812), South Africa (853), Switzerland (819), Thailand (860), Turkey (824/Rev.1), United Kingdom (1038) (replicating the EU notification), United States (825) and Uruguay (857).

¹⁰ See WTO official documents numbers IP/C/40, IP/C/64 and IP/C/73.

¹¹ See WTO official documents numbers WT/MIN(01)/DEC/2, IP/C/25, WT/L/478 and IP/C/73.

¹² See WTO official document number IP/C/28.

¹³ WTO (2015), *World Trade Report 2015 – Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement*, Geneva: WTO.

¹⁴ See <https://tfadatabase.org>, accessed on 12 May 2021.

¹⁵ LDC participants in the JIs are as follows:

For investment facilitation for development: Afghanistan; Benin; Burundi; Cambodia; Central African Republic; Chad; Djibouti; Guinea; Guinea-Bissau; Lao People's Democratic Republic; Liberia; Mauritania; Myanmar; Sierra Leone; Togo; Yemen; and Zambia.

For e-commerce: Benin; Burkina Faso; Lao PDR; and Myanmar.

For micro, small and medium-sized enterprises (MSMEs): Afghanistan; Lao PDR; and Myanmar.

For trade and environmental sustainability: Chad; The Gambia; and Senegal.

For plastics pollution and environmental sustainability: Cambodia, the Central African Republic and The Gambia.

For the informal working group on women's economic empowerment: Afghanistan; Angola; Benin; Cambodia; Chad; Democratic Republic of the Congo; Ethiopia; The Gambia; Guinea; Guinea-Bissau; Haiti; Lao PDR; Lesotho; Liberia; Madagascar; Malawi; Maldives; Mali; Myanmar; Niger; Rwanda; Senegal; Sierra Leone; Somalia; Sudan; Togo; Uganda; and Zambia.

3



**Building LDC
capacity to trade**

LDCs are an important constituency in the WTO, representing one-fifth of the WTO membership. At present 35 LDCs are WTO members and eight LDCs are at various stages of their accession process (see Box 1). A dedicated committee in the WTO, the Sub-Committee on LDCs, looks at the systemic issues of interest to LDCs in the multilateral trading system, including market access, technical assistance, LDC accession and the LDC-related work of the other international organizations.

The WTO Work Programme for the LDCs has been integrating the trade-related aspects of the UN Programme of Actions for LDCs, and the adoption of the Doha Programme of Action offers an excellent opportunity to advance the priorities of LDCs in world trade.

The WTO LDC Group has evolved into one of the most active coalitions in the WTO in advancing its priorities in the multilateral trading system. The WTO LDC Consultative Group is steered by the LDC Coordinator and seeks to forge common positions on issues of interest to the Group. The thematic focal points within the LDC Group follow different areas of WTO work and provide regular updates to the LDC constituency. The LDC Unit of the WTO Secretariat provides support to the LDC Group in all aspects of its participation in the multilateral trading system.

The regular work of the WTO LDC Group has been instrumental in supporting the participation of LDC delegations in the WTO. The active participation of LDC members in the WTO's regular work and negotiations is reflected in the adoption of a number of important decisions taken in favour of LDCs over the last decade.

WTO TECHNICAL ASSISTANCE

LDCs have been given special priority in terms of the delivery of WTO technical assistance over the last decade. Every year, LDCs receive more than 40 per cent, on average, of the trade-related technical assistance given by the WTO Secretariat, and special products have been created

specifically to build human and institutional capacity in the LDCs.

The WTO Technical Assistance Plan includes annual LDC-focused Geneva-based introductory trade policy courses, thematic courses on multilateral topics and reference centre programmes, and offers LDCs priority in a number of internship programmes (e.g., the Netherlands Trainee Programme, the French and Irish Mission Internship Programme, and the Regional Coordinator Internship Programme). Participation in these programmes positively contributes to greater understanding of the day-to-day activities of the WTO, thereby enhancing participants' understanding of trade-related topics. LDCs also benefit from a greater number of national training activities than non-LDC members. Although the COVID-19 pandemic has affected the organization of in-person technical assistance activities, the WTO Secretariat has continued to organize online courses for LDCs.

The WTO also administers the China Programme, China's LDCs and accessions programme, which is aimed at strengthening LDC participation in global trade.¹ One of the pillars of the China Programme, the South-South Dialogue on LDCs and Development, is a flagship capacity-building event for LDCs. Over the past decade, four South-South dialogues had been organized by the WTO Secretariat, with the most recent taking place on 16-17 September 2021. These events contribute to strengthening coordination among LDCs and their developing-country partners on topics

A silk factory
in Siem Reap,
Cambodia.

366.9
US\$ BILLION

Since 2011, over US\$ 366.9 billion has been disbursed in Aid for Trade, with the LDCs accounting for 30 per cent of the total.

of mutual interests in the multilateral negotiations.

AID FOR TRADE

The WTO-led Aid for Trade initiative has been contributing to the implementation of the IPoA, which calls upon development partners to enhance the share of assistance to LDCs for Aid for Trade. Since 2011, over US\$ 366.9 billion has been disbursed in Aid for Trade, with the LDCs accounting for 30 per cent of the total. LDCs remain the second largest recipient of Aid for Trade flows, with the lower middle-income countries keeping the largest share.

Between 2011 and 2019, Aid for Trade commitments to LDCs have fluctuated. After reaching a peak of US\$ 20 billion in 2018, Aid for Trade commitments to LDCs fell by 19 per cent to US\$ 16.6 billion in 2019 (see Figure 5). The LDC share of total Aid for Trade commitments also contracted from 36 per cent in 2018 to 31 per cent in 2019. While there are no detailed Aid for Trade data for 2020, the measures taken by governments across the world to cushion the impact of the COVID-19 might further shape Aid for

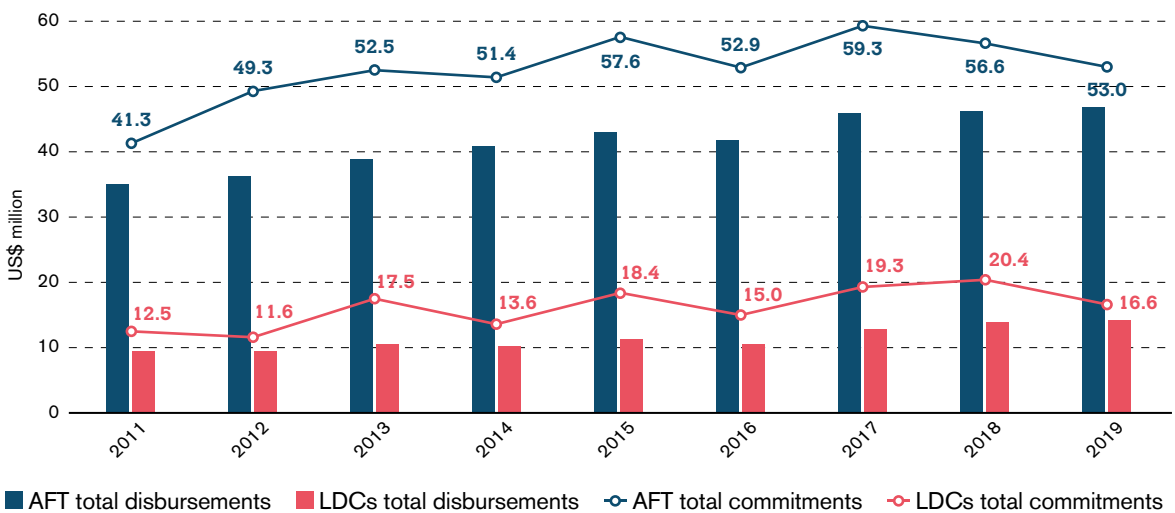
Trade flows in coming years. In this context, continued monitoring of Aid for Trade remains essential.

Aid for Trade to LDCs remains concentrated in terms of recipients and development partners. The top five recipients – Bangladesh, Afghanistan, Ethiopia, Tanzania and Mozambique – account for over 45 per cent of total Aid for Trade disbursements to LDCs (see Annex Table 3). The top five development partners (bilateral and multilateral) provide nearly two-thirds of Aid for Trade to LDCs. They are the World Bank, Japan, the United States, the European Union institutions and the African Development Bank.

The monitoring of the Aid for Trade initiative follows a two-year cycle. The Global Reviews of Aid for Trade mark the completion of each monitoring cycle and are underpinned by an inter-agency “Aid for Trade at Glance” publication co-published by the WTO and Organisation for Economic Co-operation and Development (OECD). Over the past decade, five Global Reviews of Aid for Trade have covered a variety of topics, ranging from global value chains to trade costs, inclusiveness and

Figure 5 Aid for Trade flows to LDCs

(US\$ million, constant prices)



Source: Organisation for Economic Co-operation and Development – Development Assistance Committee Creditor Reporting System (OECD-DAC CRS), Aid Activity Database, accessed on 25 May 2021.

connectivity, and economic diversification and empowerment, thereby echoing many of the LDC priorities identified in the IPoA.² The next Global Review of Aid for Trade is expected to be held in 2022 under the theme "Empowered Connected Sustainable Trade".

ENHANCED INTEGRATED FRAMEWORK

The Enhanced Integrated Framework (EIF)³ aims to strengthen LDC capacity to trade. It has been mentioned in the IPoA and the 2030 Agenda for Sustainable Development. It operates as a partnership of 46 LDCs, five graduated LDCs, 24 donors and eight international organizations, including the WTO, which hosts the EIF within its headquarters. The EIF funds evidence-based analysis, contributes to institutional strengthening of LDC trade ministries and helps with building productive sectors with high export potential.

Since the establishment of the EIF in 2009, over US\$ 230 million has been allocated to support LDCs in building the foundations of strong trade institutions, undertake evidence-based analysis of LDC trade priorities and tackle the most pressing supply-side constraints. LDC governments have been managing over 70 per cent of EIF investments, reflecting the principle of country ownership.

Currently, close to 90 per cent of LDCs have integrated trade into their national development plans, while 35 LDCs have absorbed project-based trade teams into their national government structures to better support coordination of trade-related technical assistance, thereby ensuring the sustainability of the EIF interventions beyond the implementation of EIF project cycles.⁴ The EIF has funded over 50 analytical studies to identify the trade priorities of LDCs. Building on these findings, LDCs have benefitted from targeted investments in key productive sectors, which account for over 70 per cent of the EIF portfolio. The EIF has evolved over the past decade

to better respond to the emerging priorities of LDCs. The EIF Strategic Plan (2019-22) sets out a more granular approach to trade development in LDCs, with a greater focus on countries affected by fragility and conflict. It also places an emphasis on greater engagement with the private sector and on the economic empowerment of MSMEs, women and youth. Currently, women account for over half of the beneficiaries of EIF interventions in productive capacity.

Graduation from LDC status has been one of the aspirational targets at the impact level, mirroring the overarching objective of the IPoA. The EIF commitment to supporting graduating LDCs in ensuring a smooth transition has been reflected in the EIF policy on graduation, which allows graduated countries to access EIF funds for a period of five years after graduation, including institutional support (US\$ 1.5 million), analytical support (US\$ 200,000) and productive capacity support (US\$ 1.5 million). As a result, five graduated countries – Cabo Verde, Equatorial Guinea, Maldives, Samoa and Vanuatu – have continued to enjoy EIF benefits after graduation, which has allowed for a full completion of the ongoing development interventions on the ground. Currently, EIF investments in 16 LDCs on the path to graduation account for one-third of the EIF portfolio.

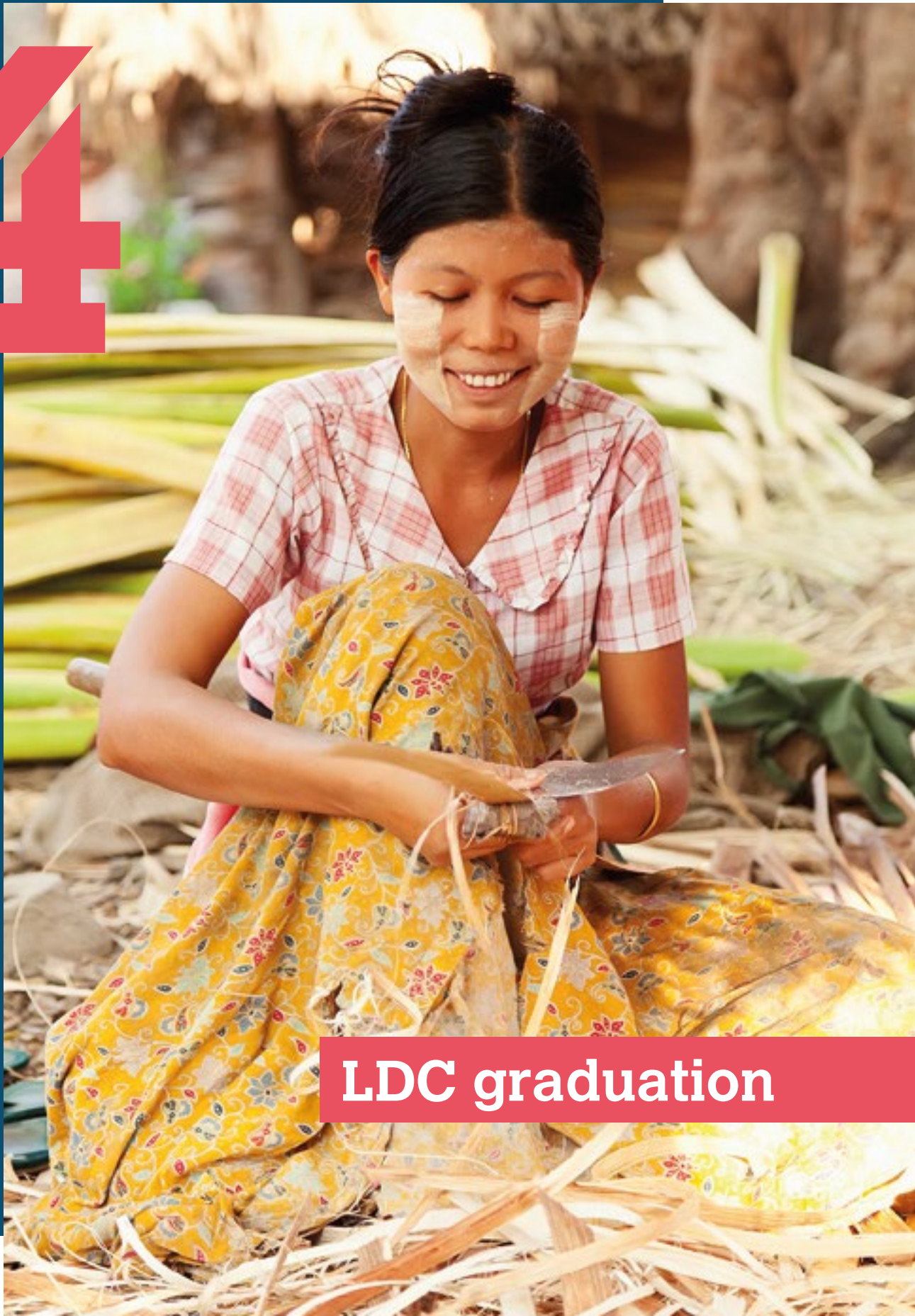
¹ The China Programme is comprised of five main pillars: the China WTO Accession Internship Programme, the Annual China Round Tables on WTO Accessions, increasing the participation of LDCs in WTO meetings, South-South Dialogues on LDCs and Development and the LDCs' Trade Policy Review follow-up Workshops.

² See also https://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm

³ See <https://enhancedif.org>

⁴ See the EIF Annual Report 2019 at https://enhancedif.org/sites/default/files/eif_annual_report_final_double_page_e.pdf

4



LDC graduation

Weaving of rattan baskets in Mandalay, Myanmar.

Graduation from LDC status marks an important milestone in the development path of an LDC. However, the phasing-out of international support measures associated with LDC status could present challenges for graduating LDCs in their efforts to continue to integrate into the global economy. An overarching goal of the IPoA (2011-20) was to enable half of the LDCs to meet graduation thresholds (see Table 1) by the end of the decade. Between 2011 and 2020, four LDCs graduated from LDC status (see Figure 6). Currently there are 16 LDCs at the different stage of the graduation process. They include Angola, Bangladesh, Bhutan, Cambodia, Comoros, Djibouti, Kiribati, Lao PDR, Myanmar, Nepal, Sao Tomé and Príncipe, Senegal, Solomon Islands, Timor-Leste, Tuvalu and Zambia.

The topic of LDC graduation has also been gaining momentum in the WTO in recent years. In 2017 at the 11th WTO Ministerial Conference, the LDC Ministerial Declaration called for positive actions on graduation.¹ Thereafter the WTO LDC Group tabled several graduation-related proposals in different WTO bodies. LDC graduation is one of the key priorities for the WTO LDC group at the 12th WTO Ministerial Conference.

In November 2020, the WTO LDC Group put forward a draft ministerial decision on trade-related challenges and a way forward in order to set forth a smooth

transition mechanism in the WTO.² The main elements included a 12-year extension of LDC-specific special and differential treatment (S&D) provisions and a phasing-out of LDC-specific trade preferences over a 12-year period.

The WTO LDC group made a submission in October 2021 taking into account the views expressed by members on different aspects of its 2020 proposal. The latest submission represents an interim arrangement, whereby the LDCs encourage their trading partners to extend LDC preferences to graduated LDCs for a certain time period. LDCs are actively engaged with WTO members to draw up an outcome on LDC graduation, including with a view to supporting smooth and sustainable graduation.

The WTO Secretariat, in cooperation with the EIF, has been helping LDCs to gain the best understanding possible concerning trade-related challenges

16

Currently there are 16 LDCs at the different stages of the process of graduation from LDC status.

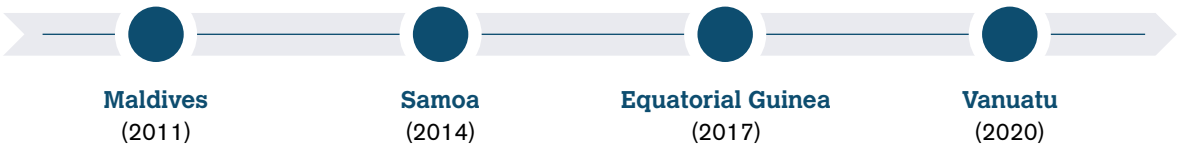
Table 1 LDC graduation criteria, 2021

Gross national income per capita (GNI)	Human assets index (HAI)	Economic vulnerability index (EVI)
US\$ 1,222		
Income-only: US\$ 2,444	66 or above	32 or below

Source: United Nations Department of Economic and Social Affairs (UN DESA) (2021).

Note: An LDC can be eligible for graduation, if: i) it meets two of the three graduation criteria, or ii) its income per capita doubles the income graduation threshold. The graduation criteria should be met at two consecutive reviews for a country to be recommended for graduation.

Figure 6 Countries graduating from LDC status from 2011 to 2020



Source: United Nations Committee for Development Policy (UN CDP) and WTO.

Note: Countries that graduated from LDC status prior to 2011 include Botswana (1994) and Cabo Verde (2007).

of LDC graduation, in response to a specific request by the WTO LDC Group. The findings of this work have been summarized in two reports on the trade impacts of LDC graduation. The reports found that the trade impacts of graduation differ for each LDC, depending on a variety of factors, including the export structure, use of LDC-specific trade preferences, and terms of entry into the WTO.

The reports also found that the trade-related challenges of graduation have been linked, among other things, to the loss of LDC-specific trade preferences and reduced flexibilities in implementing WTO rules, especially in areas such as trade-related aspects of intellectual property rights (TRIPS), non-agricultural export subsidies and agriculture.

Garment-making in Dhaka, Bangladesh.



At the same time, the reports also highlighted that the WTO contains mechanisms that could be used by graduating LDCs to manage implementation challenges.

The topic of LDC graduation has been gaining momentum in the WTO in recent years.

In addition, the reports showed that graduation from LDC status would not significantly affect the outlook for official development assistance to LDCs, since development partners take into account a range of different considerations, and not solely LDC status, when determining aid allocations.

Following the outbreak of the COVID-19 pandemic, the trade and health impacts of COVID-19 on graduating LDCs have also been analysed. These assessments found that several key factors influenced the economic performance of LDCs during the pandemic, i.e., high dependence on few commodities and on tourism, limited digital readiness, and supply-chain rigidity.

The WTO has also been collaborating with UN entities to support the graduating LDCs, including by participating in the United Nations Inter-Agency Task Force (IATF) on LDC Graduation Support, chaired by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), and by undertaking joint sectoral studies to assess impacts of graduation.

In partnership with other UN entities, the WTO Secretariat is organizing a dedicated event on LDC graduation at LDC5 to disseminate the latest evidence-based analysis on LDC graduation, in order to offer better support to LDCs in taking informed policy decisions.

¹ LDC trade ministers asked their trading partners to extend LDC-specific preferences to the recently graduated countries and LDC-specific S&D treatment to LDCs for a period appropriate to the development situation of that country. LDC trade ministers also asked for the inclusion of a transition period for LDCs and graduated countries in the WTO negotiations on fisheries subsidies. In addition, they also requested that WTO members include LDC graduates among the members featuring in Annex VII(b) of the WTO Agreement on Subsidies and Countervailing Measures.

² See WTO official document number WT/GC/W/807.

Conclusions

Since the adoption of the Istanbul Programme of Action for LDCs (IPoA) (2011-20), the WTO has taken a number of important decisions in support of the goals and targets of the IPoA. Despite these efforts, the trade growth registered among LDCs in the initial years of implementation of the IPoA has been eroded due to the sharp drop in the prices of primary commodities, and, most recently, due to the outbreak of the COVID-19 pandemic, which is still affecting economic recovery in LDCs. As a result, the IPoA target of doubling the LDC share in global exports by 2020 has not been met. As one-third of LDCs begin to move toward graduation from LDC status – of which a number account for a large share of LDC exports – setting a similar target for the next decade poses a particular challenge.

When the international community meets at the Fifth United Nations Conference on the Least Developed Countries (LDC5), special consideration will be more necessary than ever before to assist with the beneficial integration of LDCs into global trade. Concrete interventions are required on all fronts simultaneously, whether in the form of further improvements to trade opportunities, flexibilities for LDCs in undertaking commitments, or strengthening trade infrastructure.

Full and effective implementation of duty-free and quota-free (DFQF) decisions regarding market access for LDCs, as well as decisions on multilateral guidelines on preferential rules of origin taken by WTO members, could improve the trade performance of LDCs in the next decade. One of the trademark decisions to facilitate market access for LDCs has been the decision on providing DFQF market access to LDCs. Yet, preferences remain underutilized due to the lack of a strong manufacturing base and the fact that some key primary LDC export items are duty-free for all members. There is still scope for further improvement in the coverage of DFQF schemes in certain markets. Moreover, although there has been incremental progress in rules of origin requirements associated with unilateral preferences, a further easing of conditions could allow LDCs to exploit preferential market access more fully.

The LDC services waiver, which aims to facilitate market access for LDC services

and service suppliers, has not been able to improve the participation of LDCs in commercial services exports. Most LDCs remain dependent on travel exports, a sector severely impacted by the COVID-19 pandemic, and display much lower levels of exports for other commercial services. Services trade has the potential to offer a way for LDCs not only to diversify their exports, but also to increase the competitiveness of their economies.

The implementation period of IPoA has also been marked by enhanced flexibilities for LDCs in the implementation of WTO rules, including three key decisions under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) allowing LDCs to pursue intellectual property policies to realize their development goals. Nevertheless,

Vegetable cultivation in Shan State, Myanmar.



it is often noted that these flexibilities are not used to the fullest extent, and despite annual dialogues with members on technology transfer, under the aegis of TRIPS Article 66.2 (“Least-Developed Country Members”), progress in building a viable technological base in LDCs remains limited. Analysis, engagement and focused discussion with LDCs’ trade and development partners are continuously required to allow LDCs to benefit fully from flexibilities in implementing WTO rules, particularly regarding intellectual property.

Vegetable farming in Phou Markneng, Lao PDR.



The entry into force of the WTO Trade Facilitation Agreement (TFA) in 2017 was a key achievement of the multilateral trading system, which provided a novel approach to LDCs to implement commitments with transition periods and provisions of technical assistance. More than 80 per cent of the WTO’s LDC members have ratified the TFA. Adequate support from LDCs’ development partners in responding to the technical assistance needs of LDCs would bring tangible results in reducing trade costs and would help LDCs to improve their implementation rates of trade facilitation measures, as stipulated in the Trade Facilitation Agreement.

The broader areas of negotiations in the WTO continue to grant special treatment to LDCs. In the ongoing negotiations on disciplines for fisheries subsidies, the interests of LDCs have been taken

into account so that LDCs can retain flexibility to support their fisheries sector. The agricultural negotiations at the WTO also grant special flexibilities to LDCs in all aspects of the negotiations, including exemptions from new tariff reduction commitments in this sector and ensuring food security. The international community needs to continue to support LDCs so that they can fully realize their potential in the agriculture and fisheries sectors, which are vital for the employment and livelihood of people in LDCs.

LDCs have made remarkable progress in recent years in meeting graduation thresholds. One-third of LDCs are on the path to graduation from LDC status. Support for graduating LDCs has become a priority discussion in many fora, including in the WTO, where LDCs are seeking additional transition periods for graduated LDCs. The international community should explore effective support measures to sustain the development efforts of economies graduating from LDC status, especially at a time when the COVID-19 pandemic is threatening to derail the hard-won socio-economic developments in these countries.

The WTO has welcomed nine LDCs since its establishment in 1995, and six of these have joined since the adoption of the IPoA. Eight LDC accessions are currently ongoing (see Box 1 and Annex Table 4). Despite some specific guidelines on LDC accessions with provisions which benefitted some recent LDC accessions, the accession process remains complex and resource-intensive. The WTO and relevant institutions should continue to provide necessary support so that most of the eight ongoing LDC accessions can be concluded by the next decade, as this would both strengthen the participation of LDCs in the multilateral trading system and make the WTO more inclusive.

New challenges have continued to emerge as LDCs seek to integrate into global trade. The COVID-19 pandemic has dramatically accelerated the trends of online trade/ e-commerce and transformation towards

a digital economy. Efforts need to be made to help LDCs bridge the digital divide. The LDCs have periodically highlighted the need to have a strong information and communications technology (ICT) infrastructure or support for legal and regulatory frameworks. It is essential that LDCs have the necessary digital technology so that they can take advantage of the emerging opportunities.

In the coming decade, stronger human, institutional and supply-side capacity will be required to enable the qualitative integration of LDCs in global trade. Aid for Trade support will continue to play a crucial role in further strengthening the trade capacity of LDCs. However, the ongoing pandemic may have an impact on the extent and composition of Aid for Trade to LDCs in the next few years. The Enhanced Integrated Framework (EIF) also provides support to LDCs to improve their institutional and productive capacities. The international community should make it a priority to respond to the trade capacity-building needs of LDCs, including how Aid for Trade could be made more effective and efficient.

LDC5 offers an opportunity to review the gaps in international support measures as well as in identifying the real problems faced by LDCs. In view of the ongoing COVID-19 pandemic, the immediate need within LDCs is to gain access to vaccines and therapies that can save lives and enable economic recovery. The WTO is working with vaccine manufacturers and international organizations to scale up vaccine production and to facilitate speedy and equitable distribution.

At the same time, medium- to long-term strategies, supported by commensurate measures, are critical to make a real difference in LDCs with regard to their trade performance in the next decade and their beneficial integration in the global economy. LDC5 should set a path towards helping LDCs fully exploit the potential of trade and should further strengthen the rules-based multilateral trading system so that it can continue to support stability and growth.



Agricultural work
in Sundarbasti
village, Nepal.

Annex Table 1 Merchandise export values, export growth and trade balance

	Exports (US\$ million)			Growth per annum (%)			Trade balance (US\$ million)		Export- import ratio
	2011	2019	2020	2011-2019	2020	2011-2020	2011	2020	2020
World	17,904,874	18,495,133	17,069,591	0.41	-7.7	-0.53	-	-	-
LDCs	189,167	192,519	172,650	0.22	-10.3	-1.01	-13,462	-74,624	70
Afghanistan	376	864	783	11.0	-9.4	8.5	-6,139	-5,692	12.1
Angola	67,310	34,726	20,978	-7.9	-39.6	-12.2	47,082	11,262	216
Bangladesh	24,439	39,337	33,605	6.1	-14.6	3.6	-11,775	-18,805	64
Benin	1,410	3,053	2,606	10.1	-14.6	7.1	-719	-954	73
Bhutan	675	594	433	-1.6	-27.1	-4.8	-369	-335	56
Burkina Faso	2,399	3,239	4,491	3.8	38.7	7.2	-7	605	116
Burundi	123	180	205	4.8	14.2	5.8	-629	-709	22.5
Cambodia	6,704	14,825	17,069	10.4	15.1	10.9	-2,596	-2,104	89
Central African Republic	190	147	120	-3.1	-18.5	-5.0	-120	-440	21.5
Chad	4,800	3,205	2,155	-4.9	-32.8	-8.5	1,500	-336	87
Comoros	26	39	26	5.4	-33.8	0.1	-251	-191	11.9
Democratic Republic of the Congo	6,600	6,900	9,200	0.6	33.3	3.8	1,100	2,800	144
Djibouti	93	3,996	2,837	60.1	-29.0	46.2	-418	-477	86
Eritrea	430	768	556	7.5	-27.6	2.9	-520	-409	58
Ethiopia	2,875	2,788	3,476	-0.4	24.7	2.1	-6,021	-10,659	24.6
Guinea	1,433	3,945	4,900	13.5	24.2	14.6	-673	1,645	151
Guinea-Bissau	242	249	171	0.3	-31.3	-3.8	2	-172	49.8
Haiti	767	1,200	721	5.8	-39.9	-0.7	-2,253	-2,250	24.3
Kiribati	9	12	12	4.5	-1.8	3.8	-83	-172	6.5
Lao People's Democratic Republic	2,190	5,806	6,050	13.0	4.2	12.0	-215	810	115
Lesotho	1,172	1,063	934	-1.2	-12.1	-2.5	-1,328	-950	49.6
Liberia	367	528	411	4.7	-22.1	1.3	-677	-317	57
Madagascar	1,590	2,696	1,987	6.8	-26.3	2.5	-1,315	-1,237	62
Malawi	1,425	913	788	-5.4	-13.6	-6.4	-1,002	-1,855	29.8
Mali	2,374	3,693	4,212	5.7	14.1	6.6	-977	-930	82
Mauritania	2,749	2,325	2,396	-2.1	3.1	-1.5	282	-641	79
Mozambique	3,604	4,669	3,585	3.3	-23.2	-0.1	-2,708	-2,886	55
Myanmar	9,238	18,118	16,795	8.8	-7.3	6.9	219	-1,156	94

Annex Table 1 Merchandise export values, export growth and trade balance

	Exports (US\$ million)			Growth per annum (%)			Trade balance (US\$ million)		Export- import ratio
	2011	2019	2020	2011-2019	2020	2011-2020	2011	2020	2020
Nepal	919	968	818	0.6	-15.5	-1.3	-4,855	-9,861	7.7
Niger	1,250	1,126	925	-1.3	-17.9	-3.3	-940	-1,327	41.1
Rwanda	464	1,166	1,400	12.2	20.1	13.1	-1,575	-2,010	41.1
Sao Tomé and Príncipe	11	13	16	2.2	20.5	4.1	-123	-120	11.6
Senegal	2,542	4,179	4,091	6.4	-2.1	5.4	-3,367	-3,790	52
Sierra Leone	350	619	367	7.4	-40.7	0.5	-1,367	-889	29.2
Solomon Islands	418	461	366	1.2	-20.6	-1.5	-50	-111	77
Somalia	520	470	360	-1.3	-23.4	-4.0	-680	-810	30.8
South Sudan	–	1,610	915	–	-43.2	–	–	13	101
Sudan	10,193	3,735	3,775	-11.8	1.1	-10.5	958	-5,429	41.0
Tanzania	4,735	5,005	4,964	0.7	-0.8	0.5	-6,064	-3,455	59
The Gambia	102	133	100	3.4	-24.7	-0.2	-238	-595	14.4
Timor-Leste	13	154	43	35.9	-72.3	13.9	-306	-457	8.5
Togo	1,179	1,050	638	-1.4	-39.2	-6.6	-1,009	-1,388	31.5
Tuvalu	0.3	0.3	0.1	1.4	-69.8	-11.3	-27	-46	0.2
Uganda	2,159	3,472	3,636	6.1	4.7	6.0	-3,472	-3,844	48.6
Yemen	9,700	1,434	927	-21.3	-35.3	-23.0	-1,560	-6,441	12.6
Zambia	9,001	7,047	7,805	-3.0	10.7	-1.6	1,823	2,489	147

Source: WTO and United Nations Conference on Trade and Development (UNCTAD).

Annex Table 2 Commercial services exports and share in goods and services exports

	Exports (US\$ million)			Growth per annum (%)			Trade balance (US\$ million)	
	2011	2019	2020	2011-2019	2020	2011-2020	2011	2019
World	4,389,745.0	6,065,637.0	4,909,843.0	4.1	-19.1	1.3	19.6	24.6
LDCs	25,708.0	43,409.0	25,965.0	6.8	-40.2	0.1	12.1	18.4
Afghanistan	2,571.0	600.0	597.0	-16.6	-0.5	-15.0	84.8	42.7
Angola	732.0	559.0	84.0	-3.3	-85.0	-21.4	1.1	1.6
Bangladesh	1,419.0	3,207.0	3,451.0	10.7	7.6	10.4	5.5	7.6
Benin	391.0	395.0	-	0.1	-	-	23.8	10.6
Bhutan	80.0	144.0	-	7.6	-	-	10.8	20.5
Burkina Faso	394.0	491.0	-	2.8	-	-	14.1	-
Burundi	20.0	21.0	-	0.6	-	-	13.9	-
Cambodia	2,603.0	6,027.0	1,811.0	11.1	-70.0	-4.0	34.1	29.5
Central African Republic	17.0	53.0	-	15.3	-	-	7.5	-
Chad	478.0	319.0	-	-4.9	-	-	9.1	-
Comoros	64.0	100.0	-	5.7	-	-	71.9	-
Democratic Republic of the Congo	326.0	110.0	-	-12.7	-	-	3.3	-
Djibouti	152.0	758.0	-	22.2	-	-	62.0	16.9
Ethiopia	2,562.0	4,536.0	4,020.0	7.4	-11.4	5.1	45.8	62.0
The Gambia	135.0	229.0	-	6.8	-	-	54.0	60.9
Guinea	71.0	132.0	-	8.1	-	-	4.7	3.2
Guinea-Bissau	43.0	36.0	-	-2.2	-	-	15.3	9.4
Haiti	487.0	395.0	-	-2.6	-	-	38.8	25.0
Kiribati	12.0	8.0	-	-4.9	-	-	52.2	-
Lao People's Democratic Republic	526.0	1,101.0	346.0	9.7	-68.6	-4.5	22.1	16.0
Lesotho	41.0	28.0	11.0	-4.7	-60.7	-13.6	3.4	2.7
Liberia	273.0	9.0	11.0	-34.7	22.2	-30.0	49.8	1.7
Madagascar	1,155.0	1,381.0	679.0	2.3	-50.8	-5.7	43.9	35.4
Malawi	81.0	172.0	-	9.9	-	-	5.1	15.1
Mali	379.0	469.0	-	2.7	-	-	13.7	11.7
Mauritania	185.0	135.0	-	-3.9	-	-	6.5	-
Mozambique	366.0	923.0	763.0	12.3	-17.3	8.5	10.5	16.4
Myanmar	727.0	6735.0	-	32.1	-	-	8.6	39.6

Annex Table 2 Commercial services exports and share in goods and services exports

	Exports (US\$ million)			Growth per annum (%)			Trade balance (US\$ million)	
	2011	2019	2020	2011-2019	2020	2011-2020	2011	2019
Nepal	775.0	1,512.0	830.0	8.7	-45.1	0.8	43.7	57.5
Niger	64.0	221.0	-	16.8	-	-	4.8	14.9
Rwanda	316.0	705.0	325.0	10.6	-53.9	0.3	40.5	38.5
Sao Tomé and Príncipe	18.0	43.0	19.0	11.5	-55.8	0.6	62.1	72.9
Senegal	1,030.0	1,213.0	-	2.1	-	-	28.2	22.5
Sierra Leone	157.0	224.0	-	4.5	-	-	29.2	-
Solomon Islands	108.0	122.0	53.0	1.5	-56.6	-7.6	20.5	21.0
Somalia	-	415.0	-	-	-	-	-	-
South Sudan	-	169.0	-	-	-	-	-	-
Sudan	300.0	1,353.0	1075.0	20.7	-20.5	15.2	2.9	25.4
Tanzania	2,256.0	4,104.0	2345.0	7.8	-42.9	0.4	30.7	42.4
Timor-Leste	26.0	76.0	33.0	14.3	-56.6	2.7	48.1	74.5
Togo	465.0	607.0	-	3.4	-	-	28.3	34.8
Tuvalu	3.0	5.0	-	6.6	-	-	21.4	-
Uganda	1,615.0	1,752.0	866.0	1.0	-50.6	-6.7	39.1	30.0
Vanuatu	279.0	395.0	-	4.4	-	-	80.6	-
Zambia	665.0	1,014.0	440.0	5.4	-56.6	-4.5	7.1	12.3

Source: WTO and UNCTAD.

Annex Table 3 Aid for Trade disbursements to LDCs

(US\$ million, constant prices)

	2011-2014 average	2015	2016	2017	2018	2019
AFT commitments, total	147,932.14	42,091.59	40,905.38	44,851.56	45,303.95	45,768.02
LDCs, total	38,654.81	11,089.15	10,325.02	12,583.37	13,557.08	13,934.97
Afghanistan	5,481.9	889.8	844.8	840.2	703.3	761.7
Angola	140.2	235.2	18.6	12.9	42.1	30.8
Bangladesh	3,058.7	995.2	1,115.5	1,968.1	2,104.1	1,936.6
Benin	762.7	178.9	159.0	214.3	158.7	215.1
Bhutan	266.9	60.6	31.6	55.1	52.3	86.9
Burkina Faso	1,258.3	312.5	301.1	329.3	343.9	247.8
Burundi	563.9	94.4	86.0	89.0	99.4	189.3
Cambodia	1,037.8	226.3	240.0	343.9	329.5	382.3
Central African Republic	178.4	19.4	24.9	11.7	70.2	57.8
Chad	194.5	91.8	80.9	36.1	82.4	53.7
Comoros	40.7	14.2	12.1	23.4	37.9	35.1
Democratic Republic of the Congo	1,941.9	478.7	494.5	439.5	431.2	314.5
Djibouti	88.9	59.2	76.1	58.2	47.2	100.8
Eritrea	27.7	11.2	12.1	10.5	13.2	17.6
Ethiopia	2,723.9	793.0	957.9	943.0	1,665.6	1,324.2
Gambia	178.9	46.1	36.4	92.2	90.2	96.4
Guinea	272.6	55.7	89.9	124.5	149.7	197.6
Guinea-Bissau	57.3	10.6	10.8	28.4	61.5	28.6
Haiti	1,073.6	262.3	192.9	198.1	222.2	156.1
Kiribati	105.9	26.7	31.4	29.7	37.1	23.2
Lao People's Democratic Republic	544.9	212.1	171.7	212.0	235.8	178.6
Lesotho	86.2	15.0	10.3	10.0	17.0	25.5
Liberia	610.2	177.9	291.3	243.2	209.7	260.5
Madagascar	447.6	137.6	159.3	210.7	204.2	260.4
Malawi	761.2	254.3	288.1	461.0	392.6	226.9
Mali	1,295.3	261.2	277.9	307.1	341.9	390.0
Mauritania	513.1	106.9	132.5	135.5	214.3	239.1

Annex Table 3 Aid for Trade disbursements to LDCs

(US\$ million, constant prices)

	2011-2014 average	2015	2016	2017	2018	2019
Mozambique	1,865.5	579.6	454.1	499.9	479.7	434.7
Myanmar	607.9	337.6	486.8	540.5	675.1	836.3
Nepal	1,102.1	408.4	290.5	502.1	431.8	456.7
Niger	509.2	111.6	210.8	289.8	335.6	357.3
Rwanda	891.4	353.4	347.4	546.3	483.1	503.4
Sao Tomé and Príncipe	47.4	16.9	9.3	7.9	14.6	15.3
Senegal	1,328.0	440.4	297.3	388.7	324.6	784.2
Sierra Leone	376.8	68.3	104.4	101.0	138.8	202.6
Solomon Islands	155.6	44.3	47.8	56.8	70.7	93.8
Somalia	183.5	72.5	55.8	51.2	67.9	135.2
South Sudan	289.0	138.8	74.4	100.9	76.5	114.1
Sudan	854.4	275.7	60.3	124.2	33.4	109.9
Tanzania	3,230.8	882.6	767.2	813.9	827.7	625.2
Timor-Leste	214.6	72.5	76.4	76.6	56.5	76.3
Togo	188.2	88.7	37.6	80.0	89.8	145.3
Tuvalu	27.7	26.3	10.4	17.7	5.5	11.1
Uganda	1,726.9	453.8	358.2	401.0	412.1	419.4
Vanuatu	67.7	39.5	54.5	67.2	50.5	50.5
Yemen	528.3	376.2	132.7	283.2	433.4	480.3
Zambia	746.3	275.3	301.7	207.1	192.4	246.5

Source: Organisation for Economic Co-operation and Development (OECD) – Creditor reporting system (2021).

Annex Table 4 List of LDCs

At present, there are 46 LDCs, including 16 graduating LDCs, of which 10 are WTO members, four are WTO observers and two have no WTO status.

LDC	Region	WTO status	Graduating LDC
Afghanistan	Asia	Member	–
Angola	Africa	Member	Yes
Bangladesh	Asia	Member	Yes
Benin	Africa	Member	–
Burkina Faso	Africa	Member	–
Burundi	Africa	Member	–
Cambodia	Asia	Member	Yes
Central African Republic	Africa	Member	–
Chad	Africa	Member	–
Democratic Republic of the Congo	Africa	Member	–
Djibouti	Africa	Member	Yes
Guinea	Africa	Member	–
Guinea-Bissau	Africa	Member	–
Haiti	Caribbean	Member	–
Lao People's Democratic Republic	Asia	Member	Yes
Lesotho	Africa	Member	–
Liberia	Africa	Member	–
Madagascar	Africa	Member	–
Malawi	Africa	Member	–
Mali	Africa	Member	–
Mauritania	Africa	Member	–
Mozambique	Africa	Member	–
Myanmar	Asia	Member	Yes
Nepal	Asia Pacific	Member	Yes
Niger	Africa	Member	–
Rwanda	Africa	Member	–
Senegal	Africa	Member	Yes
Sierra Leone	Africa	Member	–

Annex Table 4 List of LDCs

LDC	Region	WTO status	Graduating LDC
Solomon Islands	Pacific	Member	Yes
Tanzania	Africa	Member	–
The Gambia	Africa	Member	–
Togo	Africa	Member	–
Uganda	Africa	Member	–
Yemen	Africa	Member	–
Zambia	Africa	Member	Yes
<hr/>			
Bhutan	Asia	Observer	Yes
Comoros	Africa	Observer	Yes
Ethiopia	Africa	Observer	–
Sao Tomé and Príncipe	Africa	Observer	Yes
Somalia	Africa	Observer	–
South Sudan	Africa	Observer	–
Sudan	Africa	Observer	–
Timor-Leste	Asia Pacific	Observer	Yes
<hr/>			
Eritrea	Africa	No status	–
Kiribati	Pacific	No status	Yes
Tuvalu	Pacific	No status	Yes

Source: United Nations and WTO.

Abbreviations

DFQF	duty-free and quota-free
EIF	Enhanced Integrated Framework
GATS	General Agreement on Trade in Services
IPoA	Istanbul Programme of Action for LDCs
ITC	International Trade Centre
JIs	joint initiatives
LDC	least-developed country
LDC5	Fifth United Nations Conference on the Least Developed Countries
MSME	micro, small and medium-sized enterprise
S&D	special and differential treatment
SDGs	United Nations Sustainable Development Goals
SDT	special and differential treatment
TFA	Trade Facilitation Agreement
TRIPS	WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNSD	United Nations Statistics Division

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This report looks at progress over the past decade in supporting the integration of least-developed countries (LDCs) into the multilateral trading system. Prepared as the WTO's contribution to the 5th United Nations Conference on the Least Developed Countries (LDC5), the report highlights that international efforts to help LDCs increase their participation in global trade are needed more than ever before in view of the enormous challenges posed by the COVID-19 pandemic.

Important progress has been achieved in boosting LDC exports over the last decade by improving market access opportunities for LDCs and by granting them flexibilities in the implementation of WTO rules. Further efforts will be needed to support trade growth in LDCs in the next decade.

LDC5 can set a path for allowing LDCs to fully realize their trade potential and to take advantage of emerging opportunities. The integration of LDCs into global trade is still a priority as trade can play an important role in driving economic growth and supporting sustainable development.

