

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.