

## F. The WTO and developing countries

This section discusses a number of the WTO's features which help underpin development and explain their economic rationale. It is divided into four subsections. The first one illustrates how the WTO has been useful in helping developing countries take advantage of and manage the challenges arising from the four trends portrayed in the previous sections. The second subsection discusses, from an economic perspective, the role that commitments and flexibilities in trade agreements play for development. Economic literature supports the view that WTO rules and disciplines promote growth by providing the predictable environment that businesses require to flourish. At the same time, it justifies the existence of WTO flexibilities, including through special and differential (S&D) treatment, on the basis of market failures and the different ability of WTO members to implement obligations. The third subsection describes the specific rules and disciplines that specifically apply to developing countries. The final subsection illustrates the institutional features particularly relevant for developing country members.

## Contents

1	The four trends and the WTO	190
2	The economic role of commitments and flexibilities in trade agreements	191
3	Special flexibilities and provisions for developing countries in the WTO	194
4	Institutional aspects of trade and development in the WTO	202
	Annex: The WTO Committee on Trade and Development	204

### Some key facts and findings

- Commitments are a key feature of international trade agreements. One study has found that countries undertaking substantial reforms in the context of acceding to the WTO have grown about 2.5 per cent faster for several years after their accession. At the same time, rule-based flexibilities are important to address certain market failures.
- In the WTO system, developing countries can benefit from special and differential (S&D) treatment through the principle of providing less-than-full reciprocity for trade concessions and through other flexibilities.
- At the Bali Ministerial Conference in December 2013, WTO members reinforced the development dimension of the WTO. The steps taken included the Agreement on Trade Facilitation, which links the obligations of developing countries to their implementation capacity and allows them to determine their own technical assistance needs and implementation schedule. When implemented, it should provide momentum to further reduce trade costs globally. In addition, a monitoring mechanism on S&D treatment was adopted. This will allow developing countries to raise the challenges they face in utilizing existing S&D provisions so that members can find solutions.
- The Committee on Trade and Development is the focal point on development issues in the WTO. It considers concerns raised by developing countries, promotes transparency in preferential tariff treatment and in regional trade agreements and oversees the implementation of WTO trade-related technical assistance.

## 1. The four trends and the WTO

Development objectives are at the core of the WTO. Members recognize that trade and economic relations should be conducted with a view to improving economic development, including raising standards of living, ensuring full employment, increasing real income and effective demand, and expanding production and trade in goods and services. Furthermore, members recognize the importance of ensuring that developing countries and least-developed countries (LDCs) share in the growth of international trade and that the more developed WTO members are expected to increase trade opportunities for the less developed members.<sup>1</sup>

The WTO has underpinned the economic progress of developing countries by allowing them to take advantage of, adapt to and mitigate risks arising from the four trends identified in this report.

First, the strong economic performance of many developing countries has been strongly correlated with reductions in their levels of protection, a significant part undertaken in the context of implementing WTO commitments. As shown in Section B, G-20 developing countries, for example, have reduced their MFN applied rate by over one-third from 15.6 per cent in 1996 to 10.1 per cent in 2009-11. They have bound over 80 per cent of their tariff lines and reduced their bound rates by a quarter, from 39 per cent in 1996 to 29.2 per cent in 2009-11. China's accession to the WTO played a major role in its opening to trade and a large body of research shows that WTO accession has had a positive impact on China's economic growth, trade and on investment.

The opening of G-20 developing economies has expanded export opportunities for developing economies in general and least-developed countries in particular. Preferential access also played a role in buoying the economic performance of the poorest countries. More than 80 per cent of LDC exports enjoy duty-free and quota-free (DFQF) access in developed markets. This share has been increasing with time and the importance of DFQF access was given a significant boost in Bali (see Section F.2(e)).

As regards the expansion of global value chains (GVCs), Section C highlights that integration of developing countries into GVCs has been made possible by the creation of a predictable business environment and the reduction of trade barriers and of trade costs. The importance of rules for a predictable environment and for the development of supply chains is revealed by the proliferation of preferential agreements that increasingly cover provisions that go deeper than WTO commitments. But, to the extent that supply chains are increasingly global in nature WTO commitments remain most relevant. WTO commitments provide a level playing field that is key not only with respect to trade in intermediate goods, which

are largely most-favoured nation (MFN) duty free, but also for trade in services – a critical sector for the development of GVCs.

Significant obstacles to GVC participation remain especially for the least-developed economies. Recent surveys have highlighted quality of infrastructure, procedures at the border and red tape among the most important barriers. The new Trade Facilitation Agreement signed at the Ninth WTO Ministerial Conference in December 2013, when implemented, would provide further momentum for reducing trade costs globally (see Box C.12). It should help reduce trading times and improve the predictability of trade and thereby boost trade, in particular within value chains. In the short run, the challenge will be to ensure a speedy and effective implementation of the Agreement. This will involve securing enough assistance and support to help developing and least-developed country members implement the provisions of this agreement, in accordance with their nature and scope. This highlights the vital role that technical assistance can play, by directing Aid for Trade resources to assist implementation of trade facilitation, in expanding the participation of developing countries in value chains.

High and rising commodity prices over the last decade have created opportunities for developing countries to leverage agricultural and natural resource exports for development (see Section D). Trade and existing trade rules (including on subsidies and quotas) have allowed many developing country exporters of these products to seize this opportunity. On the other hand, high agricultural commodity prices have posed a challenge for others, particularly net food importers. Here, flexibilities like those provided by the Bali Decision on Public Stockholding for Food Security Purposes help mitigate the problem. Further progress on the Doha Development Agenda could help realize the full potential of the agriculture sector to contribute to development.

Finally, the WTO has helped safeguard the economic gains achieved by many developing countries in the past decade despite the world suffering from the biggest economic crisis of the past 70 years. Economists generally believe that levels of protectionism should move in a countercyclical fashion to economic activity. There is some empirical support for the countercyclical behaviour of protectionism, particularly in the case of trade remedies, such as anti-dumping actions. Yet, the economic crisis of 2008-09 did not trigger a protectionist surge bearing resemblance to the experience during the Great Depression of the 1930s or even to predictions based on countries' reactions to previous business cycles. As discussed in Section E, the WTO helped contain protectionism through its system of trade rules and the effectiveness of its monitoring efforts. One explanation why protectionism did not materialize is that countries have an aversion to risk or uncertainty. Thus, governments have more to gain by sticking to a trade agreement when the economic environment becomes more volatile. Another explanation is that the careful

monitoring of trade-restrictive measures, including through the WTO, was effective.

## 2. The economic role of commitments and flexibilities in trade agreements

Trade agreements strike a balance between predictability achieved through a set of enforceable obligations and flexibility provided by possible deviations from commitments under certain conditions. A totally rigid or completely non-binding agreement is unlikely to attract much participation in the agreement. This section first looks into why countries make binding commitments to each other in international trade agreements and the benefits of those commitments. It then analyses why developing countries may require special flexibilities as long as certain circumstances persist that are more common in these countries.

### (a) The value of commitments

The very existence of an international trade agreement and adherence by all members to its rules are of key importance for economic well-being and development. Such reliable commitments are important to realize the development potential inherent in the four trends. The 2007 *World Trade Report* provided an extensive discussion of the reasons why countries negotiate international trade agreements (WTO, 2007).

One of the principal approaches (Bagwell and Staiger, 1999; 2003) is that without an international trade agreement countries would be tempted to manipulate their terms of trade (price of a country's exports relative to its imports) in order to derive economic benefits to the detriment of their trading partners. As other countries would respond in kind, global trade volumes would be inefficiently low; only when countries agree to abstain from unilateral trade policy setting will they all be better off.<sup>2</sup>

Gros (1987) emphasizes that in a world characterized by increased product differentiation, developing countries wield market power over certain products and should therefore participate in trade policy cooperation. It is precisely the reciprocal exchange of market access commitments that makes cooperation happen and ensures that every country wins. Several authors have shown that not only reciprocal trade opening but also its application in a non-discriminatory fashion (i.e. MFN treatment) are crucial to prevent a later erosion of negotiated benefits (by offering better market access to other countries).<sup>3</sup> Knowing the risk of being played off against each other in trade negotiations of this kind, countries would be reluctant to come forward with far-reaching trade-opening offers in the first place and the deals struck would be far from optimal (Bagwell and Staiger, 2004). According to this theory, reciprocity and MFN treatment are crucial for the conclusion and proper functioning of a trade agreement and the value it has to its members.

The second principal rationale for countries to join trade agreements is what is often referred to as the "commitment" approach. Under this approach, a government takes on trade-opening obligations under an international trade agreement not to solve a "beggar-thy-neighbour" type problem but to address a domestic political impasse.

Governments may not be able to credibly announce a policy of trade opening if industry lobbies consider that the government will not act on its pre-announced trade-opening policy in cases where the industry highlights an inability to compete and the threat of massive job layoffs. Knowing their power to forestall any future move to open up to trade, these industries do not have the incentive to invest in productivity improvements and adjust to future competition. If there is an international trade agreement, the government can make a credible announcement to open up to trade, signalling to domestic lobbies that it cannot afford to back down from its commitments without facing the costs of retaliation from its trading partners (Maggi and Rodriguez-Clare, 1998). The commitment function of an international trade agreement is often referred to as an "external anchor" or "signalling device", locking in and making irreversible a process of reform.<sup>4</sup>

Through different empirical strategies, Broda et al. (2008) and Bagwell and Staiger (2006) have been able to show that countries are tempted to manipulate their terms of trade and joined the General Agreement on Tariffs and Trade (GATT)/WTO in order to escape from mutually damaging beggar-thy-neighbour policies. Similarly, evidence exists to corroborate the relevance of the GATT/WTO as a commitment device (Staiger and Tabellini, 1999).<sup>5</sup> Limão and Tovar (2011) show empirically that governments make tariff commitments in trade agreements in order to counter protectionist pressures from industry lobbies. In addition, the authors find that tariff reductions are greater when the government is in a comparatively weaker bargaining position regarding special interest groups. A range of papers have confirmed the commitment role played by the WTO, leading to reforms in areas such as services in transition economies (Eschenbach and Hoekman, 2006) and African countries (Djiofack-Zebaze and Keck, 2009). They have highlighted the importance of the depth/quality of commitments in this regard.

Estimates of the impact of being a GATT/WTO member on trade expansion and economic growth can be found in a number of studies. Subramanian and Wei (2007) estimate that GATT/WTO membership has resulted in a 120 per cent increase in world trade (refuting earlier, econometrically flawed studies which found that such impacts were negligible).<sup>6</sup> The authors conclude that GATT/WTO membership has had a strongly positive but uneven effect on trade. They attribute this fact to the history and design of the multilateral trading system. For instance, the impact of the GATT/WTO was strong in sectors covered by its disciplines and not in sectors such

as agriculture and textiles and clothing, which for a long time were excluded or under a special regime.

Mansfield and Reinhardt (2008) find that GATT/WTO membership reduced export volatility by up to one-third, noting that the predictability of market access conditions implied in the GATT/WTO system of disciplines has a commercial value in itself. Tang and Wei (2009) show that commitments in GATT/WTO accessions are often associated with significant increases in growth and investment, but the effects work only for those countries that undertake substantial reforms. These countries grow about 2.5 per cent faster. While the pickup in the growth rate lasts for about five years after accession, the average economy is permanently larger by about 20 per cent as a result. The beneficial effects of GATT/WTO commitments are more pronounced among countries with comparatively weaker institutions, for instance in the rule of law. This suggests that binding and enforceable policy commitments under the WTO can contribute to good governance in promoting economic development.

While the value of commitments has been demonstrated both theoretically and empirically, it has also been acknowledged that trade agreements would not be concluded (or at least would not be as “deep” in terms of the level of obligations) if commitments could never be changed. An argument to justify rule-based flexibilities in trade agreements, such as trade remedies, is the presence of uncertainty over future developments at the time when a trade agreement is signed.<sup>7</sup> These future developments may include economic shocks or changing political constraints. Such events may render the original bargain inefficient, at least temporarily, until a country has had time to adjust.

Short of re-negotiating the entire agreement, an “escape clause” may allow a country to readjust, even if this implies a failure to honour some of its commitments for a certain amount of time (Bagwell and Staiger, 2005; Bagwell, 2008). Sykes (2006) notes that such a temporary breach of obligations is efficient if the costs for the member affected by an unforeseen event exceed the benefits foregone by its trading partners. The *World Trade Report 2009* (WTO, 2009) has discussed in detail why, from an economic perspective, such “escapes” have to be time limited and subject to the presence of specific conditions to avoid moral hazard, i.e. an abuse that would destabilize the entire agreement.

Such escapes are typically available to any member of an agreement.<sup>8</sup> However, throughout the history of the GATT and WTO, developing countries have argued in favour of special flexibilities that would only be available to them. The two theories regarding the existence of trade agreements discussed above do not provide major insights into why one group of countries should enjoy more favourable terms. In fact, Bagwell and Staiger’s (1999; 2003) “terms-of-trade” approach has reciprocity in the exchange of commitments as its central tenet.

The commitment approach (Maggi and Rodriguez-Clare, 1998) emphasizes the importance of enforceable obligations rather than flexibility to address a domestic credibility problem. However, additional flexibilities may be justifiable if market imperfections specific to or prominent in developing countries are considered.<sup>9</sup> Different attributes have been highlighted in the literature (see below) that may distinguish developing countries from more advanced economies, notably small economic size, a “weak” government (i.e. prone to lobby influence), persistent and combined market failures, a higher degree of uncertainty over future developments (or higher sensitivity to uncertainty) or limitations in available economic resources (as well as various combinations of these characteristics). As long as these circumstances persist, they provide a rationale for special and differential treatment for developing countries. They are further discussed in what follows.

## (b) Rationales for increased flexibility for developing countries

### (i) *Small economic size*

The terms-of-trade theory regarding trade agreements only applies when countries can influence their terms of trade. Large countries would at best be indifferent towards extending concessions to small countries, which by definition cannot affect their terms of trade, without expecting any concessions in return. For the small countries, this MFN treatment would be important to avoid terms-of-trade losses and trade deviation (Bagwell and Staiger, 1999; 2003).

Another argument relates to the importance of economies of scale and the home market effect, including its magnification when trade costs are reduced.<sup>10</sup> This leads to a concentration of manufacturing production in the “core”, while countries in the “periphery” are stuck with traditional sectors. While increasing labour and agglomeration costs in the core are expected to eventually redress this phenomenon to some extent, the argument has been made that these geographical constraints could be overcome by providing preferential access to larger export markets (or allowing for the formation of open trade areas among small developing countries). Given the limited domestic market size of many developing countries, this would help them to specialize in advanced sectors on a more equal footing (UNCTAD, 1999).

### (ii) *Political economy and “weak” government*

As noted above, commitments in the context of international trade agreements can lend credibility to the announcement by “weak” governments to liberalize trade in the future and overcome demands for sustained protection from organized lobbies (Maggi and Rodriguez-Clare, 1998).

Conconi and Perroni (2004; 2012) modify the commitment approach to explain why a developed country would



accept longer transition times for a developing country trading partner to implement an agreement. In this model, the capacity in the developing country's import-competing sector depreciates slowly over time. The industry lobby opposes any swift exposure to foreign competition that would wipe out the revenue that can be earned during that time period. Hence, if the government feels compelled to accede to the lobby demands, market opening cannot take place in a single step. By letting its industry reap their returns during a transition period, the developing country caters to its special interest while at the same time credibly committing to welfare-improving market opening at a later stage. In the absence of flexibility afforded to it by its developed country partner, the developing country would have maintained high tariffs due to its domestic lobby problem. The developed country therefore accepts a lower return during the transition period to ensure a longer-term gain.

### (iii) *Uncertainty*

A number of studies have examined the design of a trade agreement based on contract theory. Rosendorff and Milner (2001) and Bagwell and Staiger (2005) note that the efficiency of "escape clauses" increases with the level of uncertainty. If developing countries are assumed to face systematically higher uncertainty over the future, a generally higher level of flexibility may be appropriate.

Horn et al. (2010) further elaborate on the type of flexibilities to be afforded and the conditions that should be fulfilled. The authors hold that rigid disciplines should apply in regard to border measures, such as tariffs, while more discretion over domestic policy instruments, such as subsidies, can be afforded to countries that have fewer (or less effective) domestic policy instruments at their disposal and that have less power to manipulate their terms of trade. These conditions are more likely to apply to smaller countries at earlier stages of development than to larger, more advanced countries.

Limão and Maggi (2013) emphasize the role of uncertainty in a different manner than the contract theory literature. Starting from the terms-of-trade motive and the existence of external shocks that may lead to policy changes, they highlight a trade agreement's objective to reduce policy uncertainty in addition to constraining the level of trade barriers.<sup>11</sup> Among other factors, the authors show that the degree of openness (defined as the export share of GDP) as well as the flexibility (or adaptability) of the domestic economy matters. For more open economies (with small economies being naturally more open) and those with a lower degree of diversification and export supply elasticities, i.e. features that tend to prevail in lower-income countries, a decrease in policy uncertainty by its trading partners becomes relatively more important. The flip-side of this finding is that larger, more advanced economies depend comparatively less on this uncertainty-reducing motive and, hence, may be in a position to afford

more policy space to developing country partners than what is available to them.

### (iv) *Various market failures*

A general argument for greater flexibilities can be made if developing countries are affected by market failures that do not (or only to a much lesser extent) occur in more advanced economies. The infant industry argument is the classic example of a combination of market imperfections that is more likely to be present in the developing world. While any country may target a potential comparative advantage in a sector characterized by dynamic economies of scale, there is no need for government intervention in the presence of well-functioning financial markets. In many developing countries, however, financial markets may be deficient and governments may not be in a position to address these problems directly, at least in the short term.

Another market failure of particular importance to less diversified economies relates to the discovery of new activities that a country may be comparatively good at undertaking (Hausmann and Rodrik, 2003). Pioneers bear the initial costs of developing new business models, which other producers will have little problem to imitate in case of success. Entry into new activities will therefore be under-supplied and governments would need to subsidize pioneer entrepreneurs. The argument of knowledge spillovers to competitors has also been made in relation to the (costly) exploration of new export destinations, which can justify support for new exporters (Greenaway and Kneller, 2007).

### (v) *Resource constraints*

Trade opening is inevitably associated with structural change. However, the reallocation of resources towards expanding export activities and the restructuring of sectors affected by import competition are often associated with considerable frictions, for instance in labour markets. In advanced economies, companies and individuals may have the necessary resources to self-finance the adjustment process or benefit from government assistance (Falvey et al., 2010; Anderssen et al., 2005). In developing countries, workers/companies may not have sufficient savings to make the transition from one activity to another and cash-stripped governments may be ill-equipped to provide financial relief (Matusz and Tarr, 1999).

Under certain conditions, restructuring may be made easier through temporary increases in protection that slow down the adjustment process (and provide relief, for instance, to labour market congestion). In other situations, longer time periods may suffice to allow for a gradual exposure to foreign competition and to facilitate the auto-financing of the costs of adjustments by affected individuals and firms or a re-organization of government income.

Policies to assist in structural change may also include public investment in infrastructure to overcome constraints

faced by potential exporters (Limão and Venables, 2001). Resource-constrained governments may depend on official development assistance (ODA) in this regard. In the same vein, the implementation of trade obligations, even if ultimately beneficial, may be associated with upfront administrative and infrastructure costs that developing countries may find difficult to finance in the short term (Finger and Schuler, 1995; Maskus, 2000). Technical and financial assistance as well as longer time periods allowing for gradual implementation may be needed to make the transition.

In conclusion, special flexibilities for developing countries can be justified for a variety of reasons. On this ground, the need for flexibilities can generally be accommodated without undermining the fundamental purpose of an international trade agreement.

### 3. Special flexibilities and provisions for developing countries in the WTO

The WTO allows for various types of flexibilities for developing countries, summarized in this section. These flexibilities often aim to make it feasible for developing countries to undertake binding commitments beneficial to their economic development. First, several WTO provisions are of special interest to developing countries; in particular, some provisions aim at addressing their resource constraints through longer transition periods and technical assistance. Furthermore, special flexibilities are granted to developing countries to restrict imports and promote exports, and to leverage the development potential of the agricultural sector. Finally, S&D treatment with regard to market access in developed partner countries can also provide development benefits.

#### (a) Provisions of special interest to developing countries

The WTO agreements contain provisions that, while applying to all members, are of particular relevance in addressing development concerns. Some rules safeguard the interests of less developed members by placing them on the same footing as more developed members. For instance, all WTO members, regardless of their size or level of participation in global trade and economic flows, can in principle participate equally in WTO decision-making. This is in contrast to other international organizations with voting mechanisms that give less weight to developing countries.

WTO rules reduce or eliminate trade barriers and so help the exports of developing countries. Export subsidy disciplines prohibit or constrain countries from using subsidies that lower world prices. These disciplines are enforceable and have been used by developing countries to secure significant WTO rulings on subsidies provided to commodities such as sugar and cotton.

Certain exceptions from WTO disciplines available to all members also give developing countries space to address their development aims. Articles XX(b) and XX(g) of the GATT provide exceptions that allow WTO members to take measures aimed at promoting sustainable development. This includes situations where the measures are necessary to protect human, animal or plant life or health, or relate to the conservation of exhaustible natural resources. The WTO Agreement on Sanitary and Phytosanitary Measures (SPS) and the Technical Barriers to Trade (TBT) Agreement provide more detail on the exceptions available to WTO members to enact measures that achieve an appropriate level of sanitary or phytosanitary protection or that fulfil a legitimate objective (including the protection of human health or safety, animal plant life or health, or the environment).

In addition, there are some mechanisms that may under certain conditions be particularly useful in addressing the interests of developing countries. For example, Article XI:2(a) of the GATT allows members to maintain temporary export restrictions to prevent or relieve critical shortages of essential foodstuffs or other products. Such a provision may be useful to developing countries in addressing food security (see also Box F.1).

#### (b) Provisions addressing resource constraints of developing countries

There are numerous provisions in the WTO agreements that seek to address the resource limitations of developing countries in undertaking certain commitments. These provisions can be broadly grouped into two categories: transitional time periods and technical assistance.

##### (i) *Transition periods*

The WTO agreements contain various provisions establishing grace periods or extended timeframes for developing countries to undertake specified obligations. Many of these periods have elapsed. There remain, however, critical instances in which deadlines have been extended either through the agreement of WTO members at Ministerial Conferences or in relevant committees. As discussed above, for instance, provisions of the WTO Agreement on Subsidies and Countervailing Measures (SCM) have extended the time periods during which developing countries meeting certain criteria relating to their level of GNP and export competitiveness have been allowed to use export subsidies. Similarly, although LDCs were originally given a transition period of 10 years to undertake disciplines under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, that period has been extended twice. Following a decision of the TRIPS Council on 11 June 2013, the transition period has now been extended until 1 July 2021.

**Box F.1: Bali Ministerial Conference: Decision on Public Stockholding for Food Security Purposes**

Existing WTO rules include public stockholding programmes for food security purposes in the “Green Box” category of domestic support. This permits governments to incur expenditures, without any monetary ceiling, in relation to the accumulation and holding of stocks for food security purposes subject to certain conditions that, among other things, require the acquisition and release of stocks under market conditions. The rules also capture a situation in developing countries when food stockpiling for food security purposes is carried out at guaranteed prices where the concerned developing countries would need to account for the amount of price support in the calculation of subsidies (or aggregate measure of support) subject to annual limitation. Concerning the latter situation where a public stockholding programme intersects with price support policies, a group of developing countries made a proposal concerning the calculation of price support that results from the acquisition of stocks from farmers at administered prices.

As per the Decision<sup>12</sup> adopted at the Bali Ministerial Conference, developing countries were granted an interim protection against legal challenge with regard to existing public stockholding programmes for food security purposes in cases where operating such policies might conflict with their WTO-bound agricultural commitments. The developing countries in potential breach of their agricultural subsidy commitments may benefit from the decision subject to certain transparency, consultation and safeguard requirements. Simultaneously, a work programme on food security has been established, to be conducted over the next four years for a fuller discussion on this topic with a view to finding a lasting solution.

Some of the WTO commitments undertaken by developing countries still allow them to seek exemptions from obligations for specified periods. For instance, Article 10.3 of the SPS Agreement and Article 12.8 of the TBT Agreement authorize the respective committees to grant developing countries exceptions for a specific period of time from obligations, in whole or in part, under the agreements. Similarly, Annex F to the Hong Kong Ministerial Declaration permits least-developed countries in the WTO to maintain measures inconsistent with the Trade-Related Investment Measures (TRIMs) Agreement for time periods subject to review and decision by the Council for Trade and Goods but with an end date no later than 2020.

*(ii) Provisions on technical assistance*

The WTO addresses the resource limitations of developing countries through various requirements on technical assistance. Section F.4(b) and the Annex to this section outline aspects of the WTO’s technical assistance programmes that aim to address many of the capacity challenges facing developing countries in the WTO. In addition, various provisions in the WTO agreements and subsequent decisions at WTO Ministerial Conferences specifically require developed countries in the WTO to provide technical assistance to developing countries.

A number of provisions on S&D treatment are also contained in the Understanding on Rules and Procedures Governing the Settlement of Disputes (the Dispute Settlement Understanding or DSU). Most of these provisions require special consideration of developing country or LDC concerns, or allow for flexibility in dispute settlement procedures to take account of resource constraints in these countries. There are also provisions

that address development concerns about implementation of dispute settlement rulings. Arbitrators have taken these provisions into account in granting developing countries in the WTO a longer period of time for the implementation of the recommendations and rulings of the Dispute Settlement Body (DSB) in a particular dispute. In addition, the WTO Secretariat is required by the DSU to make available a legal expert to assist developing countries in dispute settlement procedures.

The Agreement on Trade Facilitation embodies a new approach to the provision of technical assistance (see also Box C.12 in Section C). Section II of the Agreement establishes a link between the obligations of developing countries on the one hand and their implementation capacity on the other hand. In addition, developing countries are allowed to determine their own technical assistance needs and implementation schedule.

*(c) Special flexibilities to restrict imports and promote exports**(i) Exemptions for developing countries*

The only provision explicitly providing special flexibility to developing countries in the original version of the GATT was Article XVIII. This provision allowed a contracting party to use measures not ordinarily permitted under the GATT, such as quantitative restrictions, “in the interest of its programme of economic development and reconstruction”, but only after notifying the contracting parties, negotiating with other contracting parties that might be “substantially affected” by the proposed measures,<sup>13</sup> and obtaining the approval of the contracting parties.<sup>14</sup> Apart from this



“infant-industry” exception, developing countries could also take advantage of the flexibilities offered by Article XII, which had been included in the GATT at the behest of developed countries that expected to encounter balance-of-payments problems in the post-war reconstruction period.

In the first decade after the adoption of the GATT, both developed and developing countries made frequent use of the right to impose quantitative restrictions to safeguard their balance of payments.<sup>15</sup> By contrast, the infant-industry exception, which had more onerous requirements, was hardly invoked.<sup>16</sup> Since developing countries often found themselves in balance-of-payments difficulties, they could apply quantitative restrictions under the balance-of-payments exception instead of using the infant-industry exception.<sup>17</sup> The opportunity for developing countries to use balance-of-payments restrictions was somewhat broadened when a separate exception to apply restrictions for this purpose, available only to developing countries, was added to the GATT as Article XVIII:B at the 1955 review session.

Throughout the history of the GATT and in the first decade after the establishment of the WTO, developing countries made extensive use of their right to impose quantitative restrictions for balance-of-payments purposes. From 1960 to 2005, developing countries submitted to a total of 220 reviews of their balance-of-payments restrictions, an average of slightly more than five per year.<sup>18</sup> Since 1995, however, the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994, which forms an integral part of the GATT 1994, has tightened the rules for the use of quantitative restrictions for balance-of-payments purposes. The increasing pushback against the use of quantitative restrictions to protect a member’s balance of payments has also given rise to dispute settlement proceedings at the WTO. This may be one of the reasons why only three developing countries have employed measures to protect their balance of payments since 2005.<sup>19</sup> The infant industry exception was also revised in 1955, as set out in GATT Article XVIII:C. This article was invoked 14 times prior to the creation of the WTO.<sup>20</sup> Since 1995, it has been invoked on three occasions.<sup>21</sup>

Other flexibilities include some that distinguish between WTO members on a basis other than a member’s status as a developing or least-developed country. Article 27.2(a) of the SCM Agreement exempts two categories of countries from export subsidy disciplines: (i) LDCs; and (ii) other developing countries listed in Annex VII(b) so long as their gross national product (GNP) per capita does not exceed US\$ 1,000 per year. All other developing countries were given eight years to eliminate existing export subsidies in accordance with Article 27.2(b), subject to the possibility of an extension under Article 27.4.

In the Doha Ministerial Decision on Implementation-Related Issues and Concerns, ministers directed the SCM Committee to extend the transition period for certain export subsidies of developing countries in the WTO. Such extensions were authorized up to the end of 2013, meaning that they must be phased out by the end of 2015 in accordance with Article 27.4. The SCM Agreement also provides in Article 27.5 and 27.6 that any export subsidy exemption must no longer apply for products that reach export competitiveness – that is, where exports of a product by a developing country in the WTO have reached a share of at least 3.25 per cent of world trade in that product over a two-year period. Article 27.5 clarifies that all developing countries must phase out such subsidies over a two-year period but that those countries identified in Annex VII would have a transition period of eight years from when export competitiveness exists.

In the area of agriculture, the right to use export subsidies by countries has been limited to products where the subsidies were granted by countries during the Uruguay Round base period (1986-90) subject to the reduction commitments in their schedule of commitments. Developing countries were additionally offered a flexibility to grant export subsidies during the implementation period to reduce the cost of marketing and transport in accordance with Article 9.4 of the Agreement on Agriculture.<sup>22</sup> In addition, the issue of development of internationally-agreed disciplines on export credits and similar measures has been dealt with in the agriculture negotiations in recognition that such measures could be used to circumvent export subsidy commitments. In line with the Marrakesh Ministerial Decision of 2001 concerning the net-food-importing developing countries, which looks at this issue from the perspective of “access to food” for these target countries, WTO members in the negotiations are mindful that “any agreement relating to agricultural export credits makes appropriate provision for differential treatment in favour of least-developed and net food-importing developing countries”.<sup>23</sup>

Other flexibilities are significant in addressing the export interests of developing countries. Article 9.1 of the Agreement on Safeguards, for instance, provides for an exemption from safeguard actions for developing country products not exceeding 3 per cent of total imports of the product concerned so long as all such developing country products do not exceed 9 per cent of total imports. Article 27.10 of the SCM Agreement requires members to terminate a countervailing duty investigation of developing country imports if the challenged subsidies do not exceed 2 per cent of the value of the product in question. Termination is also mandated if the volume of the subsidized imports from a developing country in the WTO amounts to less than 4 per cent of the total imports of the product concerned so long as all such developing country imports do not exceed 9 per cent of total imports.

(ii) *Special flexibilities in preferential trade arrangements*

The WTO affords developing countries certain flexibilities in undertaking commitments under preferential trade arrangements that may depart from WTO non-discrimination rules. Paragraph 2(c) of the Enabling Clause permits a departure from MFN treatment for developing countries in the WTO by allowing them to enter into regional or global arrangements with other developing countries for the mutual reduction or elimination of tariffs and non-tariff measures for products imported between the parties to the agreement.

Article XXIV of the GATT also allows the formation of customs unions and free trade areas among all WTO members but the conditions appear more stringent than those set out in paragraph 2(c). According to Article XXIV, any such regional arrangements should cover substantially all the trade between the parties to the arrangement, and the duties and regulations of commerce applied to third parties should not be more restrictive than those existing prior to its formation. Thus, paragraph 2(c) appears to provide developing countries with more flexibility since there is no requirement to cover as many sectors as under Article XXIV. Such flexibility may also be relevant in respect of Article V of the General Agreement on Trade in Services (GATS). To date, 34 such arrangements have been notified by developing countries under this provision of the Enabling Clause.

(d) *Agricultural policy distortions and special flexibilities for developing countries*

The Agreement on Agriculture has established a multilateral framework on domestic agricultural policy. Detailed criteria have been prescribed for policy-makers regarding domestic measures that would be deemed as causing no or minimal distortion to trade and production. The government spending for such measures (often referred to as “Green Box” measures) is exempt from any monetary ceiling imposed by the WTO.

Policies to create rural infrastructure, to enhance investment in agricultural research and to provide training and extension services to farmers and expenditure on food stockholding programmes are all explicitly mentioned in the Green Box. Ministers in Bali adopted a decision<sup>24</sup> to expand the list of “general services” programmes exempt from a monetary ceiling and to include various policies that aim to improve rural livelihood security and to alleviate poverty.

Other government support measures that are deemed to cause trade distortion (i.e. the “Amber Box”) are subject to reduction commitments and an annual monetary limit. This limit applies only when the support amounts exceed a threshold (called *de minimis*). The threshold

for developing countries (10 per cent of the value of agricultural production) is twice as high as the threshold for developed countries (5 per cent). Trade-distorting support is mandated to be subject to substantial reduction in the Doha Round negotiations, where developing countries would enjoy special and differential treatment.

Developing countries have an additional flexibility whereby certain support measures designed to encourage agricultural and rural development have been specifically exempted from any annual monetary limitation. Article 6.2 of the Agreement on Agriculture states that these “development programmes” include investment subsidies generally available to agriculture, input subsidies to poor producers, and producer subsidies to encourage diversification from growing illicit narcotic crops.

(e) *Special and differential treatment with regard to market access*

(i) *Less-than-full reciprocity in tariff negotiations*

One of the principal ways in which developing countries have been accorded special and differential treatment in the GATT and the WTO is through less-than-full reciprocity in reduction commitments in the context of negotiations on market access, in particular in tariff negotiations. As early as the mid-1950s, the GATT parties recognized, in Article XXVIII *bis*, “the needs of less-developed countries for a more flexible use of tariff protection to assist their economic development and the special needs of these countries to maintain tariffs for revenue purposes”.<sup>25</sup> This recognition crystallized into the principle that the developed contracting parties “do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less developed contracting parties”.<sup>26</sup>

The Ad Note to Article XXXVI.8 clarifies that the phrase “do not expect reciprocity” means that “the less-developed contracting parties should not be expected, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs, taking into consideration past trade developments”. This formulation was reproduced almost verbatim in the Ministerial Declarations launching subsequent negotiating rounds.<sup>27</sup> Most recently, the Doha Ministerial Declaration called, with respect to agriculture, for “special and differential treatment” to be “embodied in the Schedules of concessions and commitments”, and, with respect to non-agricultural market access, for “less than full reciprocity in reduction commitments”.<sup>28</sup>

The practical impact of the principle of less-than-full reciprocity has varied depending on the modalities adopted in particular negotiating rounds. Early negotiation rounds were conducted on a bilateral request-and-offer basis.

In order to secure full reciprocity from other developed countries, developed countries adopted the practice of negotiating tariff reductions primarily with the principal supplier of a product. This meant that developing countries, which were rarely principal suppliers of the products concerned, often did not participate in the negotiations.<sup>29</sup> Most developing countries benefited only to the extent that products of interest to them happened to be the subject of bargaining among the developed countries.<sup>30</sup>

The cumulative impact of the application of less-than-full reciprocity in tariff negotiations throughout the history of the multilateral trading system accounts for the fact that developing WTO members today have, on average, fewer and higher tariff bindings – or limits – on non-agricultural products and higher tariff bindings on agricultural products than developed WTO members. For example, there is a large difference between the bound and applied tariff levels of a number of developing countries. This is often referred to as “water” or “binding overhang”. They also have a number of completely unbound tariff lines on non-agricultural products.<sup>31</sup> This may, however, not be the case in instances where developing countries have, in acceding to the WTO, undertaken more stringent market access commitments, including tariff bindings that are closer to their applied tariff levels.

While all WTO members enjoy guaranteed access to the markets of all other WTO members under the same conditions and thus formally have the same market access rights, the trade-weighted average level of tariffs faced by exports from many developing countries in developed country markets remains higher than the weighted average level of tariffs that developed country exports face in the markets of other developed countries. In other words, many developing countries have fewer market access commitments (in the form of fewer and higher tariff bindings), but some effectively also have fewer market access rights. As Table F.1 demonstrates, this is particularly true for LDCs: the trade-weighted average of bound duties faced by exports from LDCs in developed countries is more than twice the trade-weighted average of bound duties faced by exports from developed countries in other developed country markets.

This suggests that, while the principle of less-than-full reciprocity may have allowed developing countries to maintain higher market access barriers, it has been less effective in helping developing countries to obtain market access rights to developed country markets.

(ii) *Non-reciprocal preferential market access for developing and least-developed countries*

Most developing countries also enjoy access to developed country markets under non-binding, non-reciprocal preferential schemes. Preferences in favour of developing countries were first authorized by the GATT's contracting parties in 1971 through a waiver of the most-favoured nation (MFN) obligation in GATT Article I.<sup>32</sup> In 1979, the waiver was extended indefinitely through the Enabling Clause, which is now part of the GATT 1994.

Non-reciprocal preferential market access differs fundamentally from market access granted in GATT/WTO tariff negotiations in at least two ways. First, preference schemes are usually not negotiated multilaterally, but are rather granted unilaterally by the developed country in question. In the Tokyo Round – the first round of multilateral trade negotiations following the 1971 MFN waiver decision – developing countries sought to negotiate bindings of preferential rates or preference margins in GATT schedules of commitments. Developed countries objected to these proposals on the basis that preferences were “unilateral and non-contractual”.<sup>33</sup> Secondly, although the WTO is authorized to consider whether a preference scheme meets the conditions of the Enabling Clause allowing for a departure from MFN treatment, it is only compliance with these conditions, not compliance with the terms of the preferential scheme itself, that can be reviewed in WTO dispute settlement.<sup>34</sup>

In the Doha Round, WTO members have agreed to enhance market access for LDC products, which is largely being implemented through preferential arrangements. At the Hong Kong Ministerial Conference in 2005, a decision was taken by WTO members that developed countries in the WTO and developing

Table F.1: Average weighted bound duty by country group (using 2010 imports of bound products only) (per cent)

Importer	Exporter		
	Developed	Developing (excluding LDCs)	LDCs
Developed	3.6	3.4	7.7
Developing (excluding LDCs)	18.3	15.5	9.4
LDCs	29.0	32.2	29.3

Source: Authors' calculations based on the Integrated Data Base (IDB) and Consolidated Tariff Schedules (CTS) database; ad valorem equivalents from World Tariff Profiles.

Note: Weights used for the averages refer to import notifications for 2010 made by 95 (EU counts as 1) WTO members to the IDB.

country members declaring themselves in a position to do so would “provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period in a manner that ensures stability, security and predictability”.<sup>35</sup>

Taking into account that some members may face difficulties in providing full DFQF market access, the decision required that this should be provided for at least 97 per cent of products defined at the tariff line level.

Further, at the Ministerial Conference in Bali in December 2013, WTO members decided that developed countries in

the WTO that do not yet provide DFQF market access on at least 97 per cent of products originating in LDCs “shall seek to improve” their DFQF coverage prior to the next Ministerial Conference. Developing countries declaring themselves in a position to do so are also encouraged to grant or improve DFQF market access to LDC exports.<sup>36</sup> Box F.2 discusses the issue of preference erosion in relation to these developments.

Table F.2 shows that, to date, most developed countries have granted DFQF market access on 97 per cent or more of tariff lines, and that developing countries such as China and India are also granting increasingly preferential market access to LDCs.

Table F.2: Duty-free quota-free market access in Generalized System of Preferences (GSP) schemes of developed and selected developing economies in the WTO, 2011

	Duty-free coverage (and exclusions)	Number of tariff lines liable for duty* (national tariff lines)
<b>Developed members</b>		
Australia	100%	None
Canada	98.8% (dairy, eggs and poultry)	102
European Union	99% (arms and ammunitions)	92
Japan	98.2% (rice, sugar, fishery products, articles of leather)	164
New Zealand	100%	None
Norway	100%	None
Switzerland	100% (except two cheese items)	2
United States	82.5% (dairy products, sugar, cocoa, articles of leather, cotton, articles of apparel and clothing, other textiles and textile articles, footwear, watches, etc.)	1,832
<b>Selected developing members</b>		
China	60% of all tariff lines covered by DFQF market access, with the aim of increasing to 97% of its tariff lines by 2015	
India	85% of tariff lines covered by DFQF market access, and a margin of preference above MFN for an additional 9% of tariff lines	
Korea, Republic of	95% of tariff lines, as of January 2012	
Chinese Taipei	Nearly 32% of tariff lines (2011)	
Turkey	Nearly 80% of tariff lines (2011)	

Source: WTO Secretariat (WTO document WT/COMTD/LDC/W/58)

\*The number of tariff lines may vary from one year to the next due to changes in national tariff nomenclature.

#### Box F.2: Preferential market access and preference erosion

The issue of preferential market access is particularly relevant for least-developed countries and was reaffirmed at the WTO's Ninth Ministerial Conference in Bali. LDCs have benefited from preferential market access to developed countries, promoted under the Enabling Clause and the Generalized System of Preferences (GSP) or resulting from bilateral or regional agreements.<sup>37</sup> In December 2005, the WTO's Sixth Ministerial Conference in Hong Kong adopted a decision to extend LDCs' duty-free quota-free (DFQF) market access granted by developed countries to at least 97 per cent of tariff lines. More recently, trade preferences among developing countries were promoted with the establishment of the Global System of Trade Preferences, under which a number of developing countries exchange trade concessions among themselves.

## Box F.2: Preferential market access and preference erosion (continued)

More than 80 per cent of LDC exports enjoy DFQF access in developed markets and this share has been increasing with time (see Table F.3). However, other developing countries are also exporting almost 80 per cent under duty-free treatment, suggesting that LDCs do not enjoy preferential treatment compared to their competitors. This simple comparison does not tell the entire story, however, because most of the DFQF improvements recorded for other developing countries are due to the elimination of tariffs under MFN treatment. In 2011, out of the 80 per cent of duty-free exports from developing countries, only 20 per cent entered under preferential regimes. By contrast, 53 per cent of exports from LDCs receive DFQF market access for products that are dutiable under MFN treatment.

Table F.3: Proportion of developed-country imports from developing and least-developed countries admitted free of duty, by value, 2000-11

(per cent)

	2000	2005	2006	2007	2008	2009	2010	2011
<b>Total duty-free access (excluding oil and arms)</b>								
Developing countries <sup>a</sup>	64.8	74.9	76.2	77.4	78.7	77.0	78.8	79.7
Least-developed countries	69.8	80.4	79.1	79.8	80.6	80.4	80.4	83.4
<b>Preferential duty-free access (on products dutiable under MFN treatment)<sup>b</sup></b>								
Developing countries <sup>a</sup>	17.0	21.5	20.9	20.0	20.0	20.1	19.6	20.3
Least-developed countries	35.0	49.0	52.7	51.9	48.7	52.9	53.6	52.7

Sources: WTO-ITC-UNCTAD and based on the CAMAD database compiled by ITC, UNCTAD and WTO.

<sup>a</sup> Including LDCs.

<sup>b</sup> The preferential duty-free access portion is calculated by subtracting from the total duty-free access all products receiving duty-free treatment under the MFN regime. The indicators are based on the best available treatment, including regional and preferential agreements.

When looking at applied tariffs, including preferential treatment, LDCs have suffered from some erosion of preferential access in relation to other developing countries (see Table F.4). With the exception of agriculture, where the preference margin stands at about 6 percentage points, margins have been reduced to low or almost non-existent levels for textiles and clothing and other industries (between 1.7 and 0.6 percentage points). The main sectors where preference erosion occurs are textiles, fish and fish products, leather and leather products, electrical machinery, wood and wood products.

Table F.4: Average tariffs<sup>a</sup> imposed by developed countries on key products from developing and least-developed countries, 2000-11

(percentage ad valorem)

	<b>Developing countries<sup>b</sup></b>							
	2000	2005	2006	2007	2008	2009	2010	2011
Agriculture	9.2	8.8	8.5	8.3	8	7.8	7.3	7.2
Clothing	10.8	8.4	8.3	8.3	8.2	8.1	8	7.9
Textile	6.6	5.3	5.2	5.2	5.1	5.1	5	4.9
Other industries	1.4	1.1	1.1	1	1	0.9	0.9	0.8
<b>Least-developed countries</b>								
	2000	2005	2006	2007	2008	2009	2010	2011
Agriculture	3.6	3	2.7	1.9	1.6	1.2	1.0	1.0
Clothing	7.8	6.4	6.4	6.4	6.4	6.4	6.7	6.7
Textile	4.1	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Other industries	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2

Source: WTO-ITC-UNCTAD based on CAMAD compiled by ITC, UNCTAD and WTO.

Notes:

<sup>a</sup> Average tariffs are based on best applicable tariffs (MFN and preferential treatments granted to LDCs and developing countries), and weighted using a standard export structure based on 2000-01 data, to limit the impact of the year-to-year changes in export composition and relative prices on the indicators.

<sup>b</sup> Includes LDCs.



In 2011, 83 per cent of LDC exports (in value terms) entered developed markets duty free. This represents a slight improvement compared with an average of about 80 per cent between 2005 and 2010.

The importance of DFQF market access for LDCs is also reflected in the targets and indicators of the Millennium Development Goals that relate to trade (see Box F.3).

The benefits that developing countries can derive from non-reciprocal preferential treatment depend to a large extent on the rules of origin applied by WTO members to determine the country of origin of goods. Restrictive rules of origin that require a high percentage of value to be added to a product in a developing country in order for it to qualify as a product from the developing country, and thus be eligible for preferential treatment, can nullify the value of preferences. Accordingly, the Ministerial Decision on DFQF market access adopted in Hong Kong in 2005 stipulates that WTO members shall “[e]nsure that preferential rules of origin applicable to imports from LDCs are transparent and simple,

and contribute to facilitating market access”.<sup>38</sup> At the Ministerial Conference in Bali in December 2013, WTO members adopted multilateral guidelines for the development and improvement of rules of origin applicable to imports from LDCs.<sup>39</sup>

At the 2011 Ministerial Conference, WTO members adopted a waiver allowing preferential treatment in favour of LDCs with respect to trade in services.<sup>40</sup> The waiver releases WTO members for 15 years from the obligation to provide MFN treatment under Article II of the General Agreement on Trade in Services (GATS) if they provide preferential treatment to services and service suppliers of LDCs without according the same treatment to “like” services and service suppliers of all other members. The waiver aims to facilitate greater participation of LDCs in trade in services. At the 2013 Ministerial Conference, WTO members noted that no member had made use of the waiver since its adoption in 2011 and decided to take steps to operationalize the waiver.<sup>41</sup>

As part of this process of operationalizing the waiver, a high-level meeting of the Council for Trade in Services

**Box F.3: Updating the Global Partnership for Development**

The Global Partnership for Development, referred to in Goal 8 of the United Nations’ Millennium Development Goals, includes market access and trade targets, as shown in Table F.5. These targets provide a means of measuring progress in the Doha Round. Indeed, to fully achieve Target 8.A would involve achieving a successful outcome to the Doha Round negotiations.

**Table F.5: Global Partnership for Development targets and indicators**

Target	Indicators
Target 8.A: Develop further an open, rules-based, predictable, non-discriminatory trading and financial system.*	Market access:
Target 8.B: Address the special needs of the least-developed countries. Includes tariff- and quota-free access for the least-developed countries’ exports.*	8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least-developed countries admitted free of duty.
Target 8.C: Address the special needs of landlocked developing countries and small island developing states.*	8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries.
	8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product.
	8.9 Proportion of ODA [official development assistance] provided to help build trade capacity.

Source: UN Department of Economic and Social Affairs website.  
\*Only trade-specific targets are cited here.

Target 8.B and related indicators are relevant for market access for LDCs. The UN targets have provided a focus for advocacy efforts. For example, in its report of March 2013 entitled “A Renewed Global Partnership for Development”, the UN Task Team on the Post 2015 UN Development Agenda argued: “Global efforts on fully implementing duty-free, quote-free market access for LDCs on a lasting basis need to continue together with creating simpler rules of origin requirements”.

A new generation of global targets (probably grouped as a set of “sustainable development goals”) is being crafted in the UN’s Post-2015 Development Agenda. The challenge is to establish a clear role for trade in this new agenda and reflect this role through a new set of specific indicators.

would take place six months after the LDCs have tabled their collective request identifying the sectors and modes of supply of export interest to them. At that meeting, WTO members would indicate the sectors and modes of supply where they intend to provide preferential treatment to LDC services and service suppliers. WTO members are also encouraged at any time to extend preferences to LDC services and service suppliers, consistent with the waiver decision. The decision also underlines the importance of enhanced technical assistance and capacity building to help LDCs benefit from the operationalization of the waiver.

#### 4. Institutional aspects of trade and development in the WTO

The WTO responds to development issues mostly through the work of its committees, in particular the Committee on Trade and Development (CTD). With regards to trade capacity building, WTO partnerships are important. Finally, developing country members also derive particular benefit from the WTO's Trade Policy Reviews (TPRs).

##### (a) The Committee on Trade and Development (CTD)

The CTD is the mandated focal point for dealing with development issues within the WTO's institutional structure, although all WTO committees can potentially deal with the challenges developing countries face in implementing the specific agreements that each committee oversees. It was established in 1965, in response to pressure from less developed GATT contracting parties (now known as developing countries) to have the GATT deal more rigorously with development. Members are currently continuing to explore how to operationalize a 2011 ministerial instruction to further "strengthen" the CTD's mandate as a focal point for development work within the WTO.<sup>42</sup>

This section can only provide a brief overview of the CTD's work; the annex to this section provides a more complete description.

The CTD provides a forum to raise development concerns and to discuss issues relating to specific groups of developing countries. For example, its work programme on small, vulnerable economies (SVEs) aims to facilitate the fuller integration of small economies into the multilateral trading system.

The CTD has a subsidiary body in the Sub-Committee on LDCs which oversees various initiatives related to LDCs. Among its manifold activities, it undertakes an annual review of market access provided to LDCs, which is an important way of encouraging WTO members to

improve access for LDCs. It also reviews regular reports on other capacity-building initiatives for LDCs, such as the Enhanced Integrated Framework (EIF), a multi-donor programme that helps LDCs play a more active role in the global trading system. The Sub-Committee also monitors LDC accessions, which members have agreed to facilitate and accelerate in the Doha Declaration. In 2012, it strengthened the accession guidelines for LDCs with the aim of streamlining the accession process for these countries.

The CTD also oversees implementation of the WTO's trade-related technical assistance and negotiates, when mandated to do so, the improvement of S&D treatment provisions. Developing countries have consistently raised concerns about their inability to utilize S&D provisions. A review of all S&D provisions with a view to strengthening them and making them more precise, effective and operational takes place in special sessions of the CTD. In this regard, at the Ninth Ministerial Conference in Bali, ministers adopted a Monitoring Mechanism on S&D. The aim of this mechanism is to provide a forum where WTO members can conduct regular reviews and analyses of the various flexibility provisions available to developing countries and LDCs in WTO agreements, ministerial decisions and General Council decisions. This will result in recommendations either to improve the implementation of a particular provision or to initiate negotiations aimed at improving the provision itself.<sup>43</sup>

The CTD provides WTO members with the opportunity to better understand and keep track of developments in preferential trade arrangements (PTAs) and regional trade agreements (RTAs). It reviews members' notifications of preferential tariff treatment accorded by developed countries to products from developing countries, in accordance with the GSP and in line with the provisions of the Enabling Clause. Following the establishment of the Transparency Mechanism for PTAs in 2010,<sup>44</sup> the CTD also receives notifications of other non-reciprocal preferential schemes implemented by WTO members.<sup>45</sup>

Finally, the CTD oversees implementation of the WTO's trade-related technical assistance initiatives, some of which will be discussed below.

##### (b) Partnerships in support of capacity building

Besides providing technical assistance directly to developing countries, the WTO works with partners on three key trade capacity-building initiatives: the Aid for Trade initiative, the Enhanced Integrated Framework (EIF) and the Standards and Trade Development Facility (STDF).<sup>46</sup> The three initiatives aim to help developing countries and LDCs maximise market access opportunities presented by trade opening.

The Aid for Trade initiative is supported by a broad range of intergovernmental organizations. The aim of the initiative is to help developing countries mainstream trade into their national development strategies and mobilize donor support for capacity-building and trade-related infrastructure. The initiative was launched at the WTO's Ministerial Conference in Hong Kong in 2005. Discussions on Aid for Trade take place regularly within the CTD. These meetings allow members to review and discuss the latest work on Aid for Trade. Since 2007, the WTO has also held Global Reviews of Aid for Trade every two years. The most recent review, focusing on global value chains, was held in July 2013. It provided participants with an opportunity to discuss the challenges faced by developing countries, and in particular LDCs, in integrating into value chains. Monitoring of Aid for Trade is conducted in close collaboration with the Organisation for Economic Co-operation and Development (OECD).

The Enhanced Integrated Framework (EIF) is a capacity-building initiative, which aims to resolve capacity-related challenges faced by LDCs in integrating into the multilateral trading system. The EIF has two funding windows, referred to as Tier 1 and Tier 2. Tier 1 focuses on institutional capacity building, such as the establishment of national implementation units and the undertaking of diagnostic trade integration studies (DTIS). These studies aim to understand the trade structure of a country, identify priority sectors and draw up an action matrix of priority reforms. Tier 2 consists of investment to fund some of the projects identified in the action matrix of the DTIS. Currently, all 48 LDCs in the WTO are part of the EIF, with countries at varying stages of implementation.<sup>47</sup>

The Standards and Trade Development Facility (STDF) helps developing countries build their capacity to implement international sanitary and phytosanitary (SPS) standards,

guidelines and recommendations as a way of improving their ability to gain access to markets. Launched at the Doha Ministerial Conference in November 2001, the STDF is supported by the Food and Agriculture Organization (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO.<sup>48</sup> The work of the STDF includes exploring new technical and financial mechanisms for SPS coordination and resource mobilization and building alliances between standard-setting bodies and the implementing and financing agencies. At least 40 per cent of its project resources are devoted to LDCs and other low-income countries.<sup>49</sup> Its achievements include enhancing collaboration on SPS-related technical cooperation, improving the capacity of beneficiaries to identify and prioritize SPS needs and formulate project proposals that are able to secure funding, and improving the performance of the beneficiaries of STDF-funded projects.<sup>50</sup>

### (c) Trade Policy Reviews

The WTO's Trade Policy Review Mechanism (TPRM)<sup>51</sup> aims at improving members' adherence to rules, disciplines and commitments in multilateral and plurilateral trade agreements. It offers members an opportunity to have an in-depth look at how WTO commitments are being implemented. The review process focuses on providing commentary and guidance, and not on determining whether a member has breached its obligations. This non-dispute settlement environment allows the members under review to be more open about their trade policies and practices. The feedback provided by members allows them to refocus, if necessary, their efforts to implement WTO commitments. For LDCs, Trade Policy Reviews provide an opportunity to identify their technical assistance priorities and signal them to other members and the WTO Secretariat.

# Annex: The WTO Committee on Trade and Development

This annex provides a more complete description of the activities of the Committee on Trade and Development (CTD), the WTO's focal point for trade and development issues. The CTD has a series of functions, which will be discussed in turn after a brief historical background. It provides a forum to consider concerns raised by developing countries and to discuss issues of concern to specific groups of developing countries, spotlighting LDC issues and promoting transparency in preferential and regional trade agreements. The CTD also oversees implementation of the WTO's trade-related technical assistance and negotiates, when mandated to do so, the improvement of special and differential (S&D) treatment provisions.

## (a) Historical background

The CTD was established in 1965 in response to pressure from less-developed GATT contracting parties (now known as developing countries) to have the GATT deal more rigorously with development. As early as 1947, they had already started championing the cause for establishing specific legal instruments to give them flexibility.<sup>52</sup> As mentioned above, the addition of Part IV – a new chapter on “Trade and Development” – to the GATT signalled the importance its members attached to attaining the development goals of developing countries.<sup>53</sup> It was also through the provisions in Part IV mandating the setting-up of institutional arrangements that the CTD was born.

Following the establishment of the WTO, the General Council established the WTO Committee on Trade and Development in January 1995.<sup>54</sup>

The CTD plays an important role for WTO members. All WTO committees can potentially deal with the challenges developing countries face in implementing the specific agreements that each committee oversees. However, the CTD is the mandated focal point for dealing with development issues within the WTO's institutional structure.

## (b) A forum to consider concerns raised by developing countries

Any member can raise its development concerns in the CTD. Traditionally, it has been used by developing countries, which raise a wide range of concerns. For example, in 2002 a group of commodity export-dependent countries (Kenya, Tanzania and Uganda) initiated a discussion in the CTD on the challenges created by

long-term trends in the decline of primary commodities.<sup>55</sup> This discussion later fed into the agriculture negotiations in the Doha Development Agenda (DDA) and is one of the issues reflected in the 2008 draft modalities text.<sup>56</sup> The CTD provided the main platform for discussion, allowing the issue to gain the momentum that later justified its inclusion in the DDA negotiations.

Another example is the WTO Work Programme on Electronic Commerce, which also originated from a call by developing countries for the CTD to consider development aspects of e-commerce.<sup>57</sup> Since its establishment, this Work Programme has been the subject of considerable work and ministerial attention.<sup>58</sup> Currently, members are considering, among other things, how e-commerce can be used to enhance economic development in developing countries and LDCs. In particular, access to e-commerce by micro, small and medium-sized enterprises is being considered. At the WTO's Ninth Ministerial Conference in December 2013, ministers agreed to maintain the current practice of not imposing customs duties on electronic transmissions until 2015<sup>59</sup> – a decision seen as key in promoting trade through e-commerce.

A push by developing countries to “strengthen” the mandate of the CTD culminated in a 2011 ministerial instruction to operationalize its mandate as a focal point for development work within the WTO.<sup>60</sup> Members and negotiating groups such as the African Group continue to explore how this can be best achieved (see below).

At the Ninth Ministerial Conference, ministers adopted a Monitoring Mechanism on S&D. The aim of this mechanism is to provide a forum where WTO members can conduct regular reviews and analyses of the various flexibility provisions available to developing countries and LDCs in WTO agreements, ministerial decisions and General Council decisions. This will result in recommendations – submitted to the relevant WTO body – either to improve the implementation of a particular provision or to initiate negotiations aimed at improving the provision itself.<sup>61</sup> The aim of the mechanism is to allow developing countries, which were its lead proponents, to use it to resolve some of the challenges they face in utilizing S&D provisions.

## (c) Discussing concerns of specific groups of developing countries

Specific groups of developing countries use the CTD as a forum to discuss and gain traction on matters of particular

concern to them. For example, resulting from specific trade issues raised by SVEs, in 2001, ministers mandated a Work Programme on Small Economies. The objective of the Work Programme is to respond to the trade-related issues identified and facilitate the fuller integration of small economies into the multilateral trading system.<sup>62</sup> The CTD oversees this work programme, which takes place within dedicated sessions on small economies. At the Ninth Ministerial Conference, ministers instructed the WTO Secretariat to provide, for discussion by members, relevant information and factual analysis on, among other things, the challenges and opportunities experienced by small economies when linking into global value chains in trade in goods and services.<sup>63</sup>

The LDC Consultative Group is another group that uses the CTD to remind members of the need to prioritize their concerns. The group continually stresses the need to prioritize LDC interests in the form of special and differential (S&D) treatment – citing the integral and systemic importance these flexibilities have in supporting LDC efforts to pursue national development objectives and to integrate into the multilateral trading system.

The WTO African Group is an informal group of WTO members, through which African countries jointly advocate their negotiation positions and champion several of their interests through the CTD. For example, efforts to strengthen the mandate of the CTD have traditionally been led by the African Group (supported by other groups such as the SVEs).

Land-locked developing countries (LLDCs) also use the CTD as a forum for raising the profile of their issues. They regularly update members on LLDC initiatives, undertaken in other fora such as LLDC ministerial conferences,<sup>64</sup> that may have an impact on discussions at the WTO.

### (d) Spotlighting LDC issues

The Sub-Committee on LDCs is a subsidiary body of the CTD. Its work programme (initiated in 2002 and revised in July 2013) looks at systemic issues of interest to LDCs in the multilateral trading system. For example, it mandates an annual review of market access provided to LDCs. Such reviews are an important way of encouraging WTO members to improve such initiatives for LDCs. To assist this review, the WTO Secretariat prepares an annual paper entitled “Market Access for Products and Services of Export Interest to Least-Developed Countries”.<sup>65</sup>

The Sub-Committee also serves as a forum where members examine market access initiatives for LDCs under the Enabling Clause, a decision which enables developed members to give differential and more favourable treatment to developing countries. For instance, since 2001, it has considered notifications by

Australia, Canada, Japan and Switzerland relating to their Generalized System of Preferences (GSP) schemes for LDCs. Under these schemes, developed economies grant preferential tariffs to imports from developing economies. The Sub-Committee has also considered notifications by developing members such as China, India, the Republic of Korea and Chinese Taipei on their market access schemes for LDCs.

The Sub-Committee regularly discusses technical assistance provided by the WTO to LDCs and receives regular reports on other capacity-building initiatives for LDCs, such as the Enhanced Integrated Framework (EIF), a multi-donor programme that helps LDCs play a more active role in the global trading system. It also provides a forum for discussion of assistance given to LDCs by other agencies, thereby contributing to coordination among technical assistance providers.

The Sub-Committee periodically monitors implementation of the trade-related elements in the Istanbul Programme of Action for LDCs, a UN programme that charts out the international community’s strategy for the sustainable development of LDCs for 2011-20. Both the Programme of Action and the DDA share the common goals of enhancing LDC participation in world trade.

Accession to the WTO and further integration into the multilateral trading system remain important goals for several countries, LDCs included.<sup>66</sup> The Doha Declaration states that the accession of LDCs is a priority, and members have agreed to facilitate and accelerate negotiations with these countries. The Sub-Committee monitors LDC accessions on the basis of WTO Secretariat and other reports on the accession process. In 2012, it strengthened the accession guidelines for LDCs from 2002, with the aim of streamlining the accession process for these countries. The revised guidelines set benchmarks for goods tariffs and services commitments, for improving transparency in accession negotiations, and stress the importance of S&D provisions, transition periods and technical assistance.<sup>67</sup>

### (e) Promoting transparency on preferential tariffs and regional trade agreements

The CTD provides WTO members with the opportunity to better understand and keep track of developments in preferential trade arrangements (PTAs) and regional trade agreements (RTAs). It reviews members’ notifications of preferential tariff treatment accorded by developed countries to products from developing countries, in accordance with the GSP and in line with the provisions of the Enabling Clause. Following the establishment of the Transparency Mechanism for PTAs in 2010,<sup>68</sup> the CTD also receives notifications of other non-reciprocal preferential schemes implemented by WTO members. An example is the EU’s use of preferential tariffs for products from Pakistan to help the country recover from floods.<sup>69</sup>



The CTD also reviews notifications from members of RTAs among developing countries, which are notified under the Enabling Clause or the Transparency Mechanism for RTAs.<sup>70</sup> Since the establishment of the Transparency Mechanism in 2006, the following RTAs have been considered: Egypt-Turkey, Pakistan-Sri Lanka, Pakistan-Malaysia, Chile-India, and India-Malaysia. These notifications have greatly improved information sharing on the trend of increasing trade cooperation among developing countries.

(f) **Overseeing implementation of trade-related technical assistance**

The CTD oversees implementation of the WTO's trade-related technical assistance (TRTA) programmes. The main purpose of TRTA is to enhance countries' human and institutional capacities to take full advantage of the rules-based multilateral trading system, to deal with the challenges this presents, to enforce their rights and to respect their obligations. Trade capacity-building programmes are also an important part of the Aid for Trade work programme.

The WTO's Biennial Technical Assistance and Training Plans indicate how the assistance is provided.<sup>71</sup> A Progressive Learning Strategy (PLS) allows participants to register for different training levels (introduction, intermediate or advanced) depending on their familiarity with the subject. They can also choose a generalist or a specialist path, according to their professional needs.

Some 70 per cent of the WTO's technical assistance is financed by donations from WTO members provided

through the Doha Development Agenda Global Trust Fund. The remaining 30 per cent is provided from the WTO's regular budget. The Global Trust Fund is closely monitored by the WTO's Committee on Budget, Finance and Administration and the CTD.

(g) **Improving special and differential treatment provisions**

Special and differential treatment provisions for developing countries are contained in WTO agreements, ministerial decisions and General Council decisions.<sup>72</sup> However, developing countries consistently raise concerns about their inability to utilize them. In order to rectify this problem, ministers, in Paragraph 44 of the 2001 Doha Ministerial Declaration, instructed that all S&D provisions be reviewed, with a view to strengthening them and making them more precise, effective and operational. These negotiations take place in special sessions of the CTD.

The special sessions have considered many proposals submitted by developing countries. One of the outcomes of the committee's work was the adoption by ministers of five S&D proposals related to LDC issues in the Hong Kong Ministerial Declaration of 2005. The major decision was to grant duty-free and quota-free market access to all products originating from LDCs.<sup>73</sup> The special session also completed its work on the Monitoring Mechanism on S&D, which was adopted at the WTO's Ninth Ministerial Conference (see above). The special session continues to work on other proposals and works with other WTO bodies which have received S&D proposals.

# Endnotes

- 1 The preamble to the Marrakesh Agreement Establishing the WTO expressly makes these points. It adds that there is a need for positive efforts designed to ensure that developing countries, and in particular LDCs, secure a share in the growth of international trade commensurate with the needs of their economic development. Many provisions in the WTO agreements refer to the special needs and serious difficulties of developing countries and LDCs and the burden of reform on these countries. Part IV of the General Agreement on Tariffs and Trade (GATT), which was added in 1965, contains a number of clauses intended to address some of the concerns of developing countries.
- 2 The terms-of-trade approach has been criticized by practitioners and other academics pointing to the importance of political considerations rather than trade tax revenue/terms-of-trade motivations in the real world. Ethier (2004) has formalized a political externality-driven approach to trade agreements and Ethier (2013) elegantly summarizes the related literature to date regarding the "practitioners' common wisdom". However, early on, Bagwell and Staiger (2002) argued that political economy models do not provide a new rationale for the existence of trade agreements, but simply employ a different language. This debate continues, but for the present purpose, it suffices to note that in the political economy approach, as in the terms-of-trade theory to trade agreements, the principle of reciprocity is of central importance, as it mobilizes exporters to oppose protectionist lobbies in their own country.
- 3 For small developing countries, in particular, a multilateral (MFN-based) approach also acts as an insurance against the formation of preferential hub-and-spokes agreements (trade agreements between a large country and several small countries) to which they are not a party. Multilateral trade opening recreates a level playing field among small developing countries in terms of their access to the markets of large countries (Baldwin, 1996).
- 4 See, for instance, IMF (2000) which describes in its October 2000 *World Economic Outlook* a range of country experiences with the transition towards further market opening.
- 5 Maggi and Rodriguez-Clare (2007) demonstrate that the terms-of-trade and the commitment approach are not mutually exclusive and may both apply to any given trade agreement. This is also important because it is difficult to explain under the commitment approach why the "anchor" country would engage in (costly) enforcement procedures if it did not expect noteworthy benefits itself. The threat of retaliatory action associated with non-compliance must be credible in order for a trade agreement to serve as a commitment device.
- 6 This refers in particular to Rose's (2004) study. Subsequent studies besides Subramanian and Wei (2007) that have made the appropriate corrections, notably Rose (2005) as well as Tomz et al. (2007), have then all found positive effects of WTO membership on trade. Eicher and Henn (2011) combine the three approaches and make further adjustments to better disentangle the effects of overlapping WTO and preferential trade arrangement memberships. Further qualifying the results of Subramanian and Wei (2007), they continue to find positive WTO effects, in particular in relation to WTO accession and for trade among proximate developing countries. In an extension of the gravity model, testing directly Bagwell and Staiger's (1999; 2003) basic theory of the multilateral trading system, the authors find that countries with greater sway over their terms-of-trade obtain higher trade gains from WTO membership, thus confirming the explanatory power of this framework. Finally, Felbermayer and Kohler (2006) and Helpman et al. (2008) arrive at significantly positive results of GATT/WTO membership on trade, when the creation of new trade relationships (the so-called "extensive" margin of trade) is taken into account.
- 7 Horn et al. (2010) note that trade agreements are necessarily (and efficiently) incomplete given the contractual costs associated with writing a highly detailed agreement and the impossibility of foreseeing every eventuality that may arise among members in the future. Bagwell and Staiger (2005) acknowledge that any government may wish to use some of the committed policy instruments as a "legitimate" response to unforeseen events in the future (external "shocks").
- 8 In the WTO, for instance, so-called "safeguards" under GATT Article XIX and the Agreement on Safeguards are available to all members. Again, authors such as Regan (2006) have criticized the explanation of a safeguard mechanism on the basis of the terms-of-trade approach to trade agreements, citing its inability to explain certain features of safeguard provisions in practice. While not doubting the need for some form of escape in an international trade agreement, Regan (2006) observes that a political approach can better explain the conditions attached to the use of such escapes in the real world, in line with the work of Ethier (2004).
- 9 The need for government intervention is generally justified by the existence of market failures.
- 10 The home market effect links a large domestic market, where increasing returns to scale can be realized, to the development of a competitive export sector. Further reductions in trade costs can magnify the advantage of a large country, as differences in market size become relatively more important.
- 11 The authors distinguish between the mean of a country's trade barriers, which could remain unchanged for various distributions of its policy schedule, i.e. different degrees of uncertainty faced by its trading partner. In fact, the authors also find that the uncertainty-decreasing motive is relatively more important when trade costs are reduced, i.e. in a world that has become more integrated, when the trading environment is more uncertain and with a higher degree of income-risk aversion.
- 12 See WTO document WT/MIN(13)/38.
- 13 The requirement to negotiate only applied where the applicant proposed to exceed a negotiated tariff binding.
- 14 Original GATT Article XVIII.2(a).
- 15 Hudec (1987 p. 24-25).
- 16 Sri Lanka, a predominant user of the exception, described the conditions for its use, and in particular the requirement to seek prior approval for any measures applied under it, as so onerous as to "practically destroy... the benefits that it professes to confer" (Hudec, 1987 p. 25). See also Dam (1970 p. 228).
- 17 Jackson (1969 p. 639).
- 18 GATT Analytical Index, pp. 394-395. See also Sonia Rolland (2012, Annex 2).
- 19 Article 4 of the TRIMs Agreement is also linked to the requirements set out in GATT Article XVIII as it provides for temporary deviations from national treatment and quantitative restrictions obligations to the extent permitted under GATT Article XVIII, the 1994 Understanding on the Balance-of-Payment Provisions of the GATT, and the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes.
- 20 See document WT/COMTD/39/Add.1.
- 21 See document WT/COMTD/N/39. In the first WTO dispute, following a consultations request by Singapore regarding an import ban imposed by Malaysia, Malaysia notified its import restrictions under Article XVIII:C. The parties disagreed as to whether Malaysia was entitled to invoke this exception but

- Singapore subsequently withdrew its complaint (documents WT/DSB/M/2 and WT/DSB/M/6). GATT Article XVIII also contains Sections A and D. Section A allows for developing countries to negotiate modifications of concessions to promote the establishment of an industry. It has been invoked nine times, all prior to the establishment of the WTO (*GATT Analytical Index*, pp. 500-501). Section D, which provides flexibilities similar to Section C for more advanced developing countries, has never been invoked (*GATT Analytical Index*, p. 511).
- 22 The continuation of the special and differential treatment provision under the provisions of Article 9.4 for an additional period has been under consideration in the Doha Round negotiations on agriculture (paragraph 164 of document TN/AG/W/4/Rev.4).
- 23 See Annex J of document TN/AG/W/4/Rev.4.
- 24 See document WT/MIN(13)/37.
- 25 GATT, Article XXVIII bis(3)(a). Article XXVIII bis was added during the 1955 review negotiations.
- 26 GATT, Article XXXVI:8, added in 1965.
- 27 A similar formulation is contained in the Enabling Clause (L/4903, para. 5).
- 28 WTO document WT/MIN(01)/DEC/1, paras. 13 and 16.
- 29 See, for example, the Consolidated List of Offers of the United Kingdom in the Dillon Round: all tariff concessions are offered either to the US or the EEC; available at [http://www.wto.org/english/docs\\_e/gattbilaterals\\_e/Dillon\\_1960\\_61/500175-0002/500175-0002.pdf](http://www.wto.org/english/docs_e/gattbilaterals_e/Dillon_1960_61/500175-0002/500175-0002.pdf).
- 30 Dam (1970 p. 230) reports that "[o]f 4,400 tariff concessions made in the Dillon Round, only 160 were on items then considered to be of export interest to less-developed countries."
- 31 Virtually all tariffs on agricultural products were bound in the Uruguay Round.
- 32 See document L/3545, 28 June 1971.
- 33 See document MTN/TAR/W/23, 2.
- 34 See *EC – Tariff Preferences* (WT/DS246).
- 35 See document WT/MIN(05)/DEC, Annex F.
- 36 "Duty-Free and Quota-Free (DFQF) Market Access For Least-Developed Countries", Ministerial Decision of 7 December 2013, WT/MIN(13)/44 – WT/L/919, 11 December 2013.
- 37 Among the specific LDC schemes are Canada's Least-Developed Country Tariff (LDCT) and the EU's Everything But Arms (EBA) initiatives. In addition, LDCs and other developing countries have benefited from regional preferential schemes, such as the EU's arrangement for Africa, Caribbean and Pacific (ACP) countries and the US African Growth and Opportunity Act (AGOA) and the Caribbean Basin Initiative (CBI).
- 38 See document WT/MIN(05)/DEC, Annex F.
- 39 "Preferential Rules of Origin for Least-Developed Countries", Ministerial Decision of 7 December 2013, WT/MIN(13)/42 – WT/L/917, 11 December 2013.
- 40 See document WT/L/847.
- 41 "Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of Least-Developed Countries", Ministerial Decision of 7 December 2013, WT/MIN(13)/43 – WT/L/918, 11 December 2013.
- 42 See document WT/MIN(11)/W/2.
- 43 See documents WT/MIN (13)/45 and WT/L/920.
- 44 See document WT/L/806.
- 45 An example is the EU's use of preferential tariffs for products from Pakistan to help the country recover from floods (document WT/COMTD/N/41).
- 46 The WTO also works in partnership with multilateral agencies, regional organizations and development banks involved in the provision of TRTA, in their respective areas of competence.
- 47 For more information on the EIF, see [www.enhancedif.org](http://www.enhancedif.org).
- 48 See document WT/MIN(01)/ST/97.
- 49 See STDF Medium-term Strategy 2012-2016. Available online at: [http://www.standardsfacility.org/Files/KeyDocs/STDF\\_367\\_Medium\\_Term\\_Strategy\\_Eng.pdf](http://www.standardsfacility.org/Files/KeyDocs/STDF_367_Medium_Term_Strategy_Eng.pdf).
- 50 Ibid. For more on STDF, see <http://www.standardsfacility.org/en/index.htm>.
- 51 See Article III (4), Marrakesh Agreement Establishing the WTO.
- 52 For example, these countries spearheaded the inclusion in the draft International Trade Organization Charter and subsequently in the GATT of provisions allowing for government assistance for economic development, as is provided for in GATT Article XVIII.
- 53 Its three articles are XXXVI (principles and objectives), XXXVII (commitments) and XXXVIII (joint action).
- 54 Its terms of reference require it to serve as the focal point for consideration and coordination of work on development and engagement with developing countries within the WTO. The terms of reference can be consulted in WTO document WT/L/46 of 23 February 1995.
- 55 See document WT/COMTD/W/113.
- 56 See document TN/AG/W/4/Rev.4 of 6 December 2008.
- 57 Ministers established this work programme in September 1998. See document WT/L/274.
- 58 See, for example, ministerial mandates on this work programme at the eighth and ninth Ministerial Conferences. Available in documents WT/L/843 and WT/MIN (13)/32, WT/L/907 respectively.
- 59 See document WT/MIN(13)/32 or WT/L/907.
- 60 See document WT/MIN(11)/W/2.
- 61 See documents WT/MIN (13)/45 and WT/L/920.
- 62 See Paragraph 35, Doha Ministerial Declaration.
- 63 See documents WT/MIN (13)/33 and WT/L/908.
- 64 See documents WT/COMTD/M/89 and WT/COMTD/AFT/M/29.
- 65 For the latest, see document WT/COMTD/LDC/W/58.
- 66 Since the WTO was established, 32 members have joined through the accession process.
- 67 For details, see document WT/L/508/Add.1 of 30 July 2012.
- 68 See document WT/L/806.
- 69 See document WT/COMTD/N/41.
- 70 See document WT/L/671.
- 71 These plans contain a range of products including e-learning courses, national and regional seminars, Regional Trade Policy Courses (RTPCs), Geneva-based courses, the Advanced Trade Policy Course (ATPC), thematic courses, reference centres, academic support programmes, the WTO Chairs Programme (WCP) as well as internship programmes (Netherlands Trainee Programme, Mission Internship Programme etc.).
- 72 For example, there are at least 139 such provisions in the WTO agreements alone. See Special and Differential Treatment Provisions in WTO Agreements and Decisions; document WT/COMTD/W196.
- 73 Flexibilities exist for developed country and developing country members that may have difficulty in meeting this objective currently. See below discussion on non-preferential market access for developing and least-developed countries.