



LDC5 regional consultations on trade elements of the Doha Programme of Action (DPoA)

MAIN TAKEAWAYS



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Introduction

"We have one common trade message – and that's the power of trade for economic growth and development. It is our collective responsibility to make sure that DPoA's trade ambitions offer lasting benefits to people in LDCs."

**Dr Xiangchen Zhang,
WTO Deputy Director-General**

In March 2022, the international community adopted the Doha Programme of Action for LDCs for the decade 2022-2031. Trade is one of the DPoA's six pillars. In January 2023, the WTO Secretariat and UN-OHRLLS, in cooperation with the Enhanced Integrated Framework (EIF) and UN Regional Economic Commissions, organized two regional consultations on trade elements of the DPoA in Addis Ababa, Ethiopia (17-18 January) and Siem Reap, Cambodia (30-31 January).

The regional consultations brought together nearly 100 senior trade officials from over 40 LDCs to exchange views on trade elements of the DPoA and evolving LDC priorities for the next decade. The discussions were structured around the DPoA's trade targets, covering the topics of regional economic integration, digital trade, and trade support for LDCs. Options for ensuring smooth transitions from the LDC category were also discussed.



Trade elements of the DPoA

“It is very important for LDCs to strategize on a shared vision for trade and development for the next decade. This would allow us to pave a clear road ahead on where we would like to be with our trade and development efforts from now until 2031.”

**H.E. Ms Kadra Ahmed Hassan,
Ambassador of Djibouti,
Coordinator of the LDC Group
at the WTO**

It was noted that LDCs’ share in global trade has remained static in recent years, at below one per cent. With several LDCs on the path to graduation, accounting for a large share of LDC exports, it would be challenging to achieve the target of doubling the share of LDC exports in global trade by 2031. The importance of fully implementing all LDC decisions of the WTO Ministerial Conferences, including in the area of market access for goods and services, was stressed. It was also highlighted that lack of knowledge on LDC services trade continues to be a barrier in exploring opportunities for LDC services and service suppliers.

Experts also offered views on preferential market access. Discussions revolved around the possible benefits of lenient or restrictive rules of origin conditions. It was argued that lenient rules of origin offer opportunities to exporters of intermediate inputs without necessarily resulting in adequate value addition for LDCs. At the same time, it was noted that flexible rules of origin could boost LDC exports, thereby contributing to business opportunities and employment generation in LDCs.

Beyond traditional trade priorities, experts noted there could be other areas of trade opportunity for LDCs, including in digital trade and discussions surrounding processes and production methods. They pointed to growing evidence of digital and sustainability provisions being included in regional trade agreements. LDCs were encouraged to closely monitor these trends and continue strategizing on their evolving trade priorities.



Boosting digital trade

“There are a lot of activities going on to boost digital trade. We need to learn from good practices, especially on the regulatory side. We also need to find effective and efficient ways to support LDCs with overcoming challenges and fully realizing digital trade opportunities.”

**Mr Sonam Tenzin,
Director-General, Ministry
of Commerce, Bhutan**

Discussions highlighted the importance of developing an ecosystem aimed at providing small businesses in LDCs with greater opportunities. Suggested actions ranged from improving information and communications technology (ICT) and network infrastructure to cutting costs on mobile internet subscriptions, implementing trade facilitation measures and ensuring access to efficient payment solutions.

The role of global digital platforms was also discussed. It was noted that digital trade helps level the playing field for LDCs by reducing trade costs. In particular, digital trade allows exporters in low-income countries in remote areas to access consumers across the world. Participants also expressed concerns about the market power held by global platforms. They encouraged LDCs to closely monitor competition issues associated with this and to raise them at the multilateral level.

Emerging trends in LDC regulatory practices were also highlighted. According to the [Digital Trade Integration database](#), LDCs in Africa apply fewer policy restrictions on digital trade than do LDCs in Asia. The importance of adhering to good regulatory practices was also stressed. It was noted that cooperation in regional and multilateral fora could support LDCs in upgrading their regulatory environment and achieving greater regulatory convergence, thereby helping LDC firms fully realize digital trade opportunities.



Deepening regional integration

“While the AfCFTA’s promise is high, that promise can be realized only if the Agreement is implemented efficiently.”

**Mr Antonio Pedro,
Acting Executive Secretary,
Economic Commission
for Africa**

“At ESCAP, we have developed online tools and courses to assist countries in negotiating trade agreements and crafting policies in support of the sustainable development goals. We also support regional cooperation as a way to reduce development gaps and increase economic resilience.”

**Dr Rupa Chanda,
Director, Trade and
Investment Division,
UNESCAP**

Implementation of the African Continental Free Trade Area (AfCFTA) was one of the cross-cutting themes of the consultations in Addis Ababa. The Economic Commission for Africa (ECA) estimated that full implementation of AfCFTA would result in a 34 per cent increase in intra-African trade by 2045. According to the ECA, the growth of key productive sectors, including agriculture, services and industry, would exceed growth in energy and mining sectors. Effective implementation of AfCFTA would thus help economies in Africa to diversify away from energy and mining, thereby strengthening the continent’s resilience to external shocks.

The ECA’s support to AfCFTA members through the development of national AfCFTA implementation strategies was also acknowledged. It was noted that 17 LDCs had already validated their national AfCFTA implementation strategies, with several LDCs requesting support for the implementation of those strategies. The efforts of TradeMark East Africa to boost intra-African trade were also referenced. Its contributions range from helping reduce the time to import/export a container from Mombasa/Dar es Salaam to Burundi/Rwanda by 16.5%, to a 70% reduction in the time taken to cross several of the so-called One Stop Border Posts.

With Asia-Pacific being home to half of all preferential trade arrangements (PTAs) worldwide, deeper regional integration is core to the trade agenda of LDCs. Discussions highlighted a growing trend of including digital and sustainable

development provisions in PTAs. It was noted that out of 223 signed and in-force PTAs in the region as of 2023, nearly one third included provisions on e-commerce, data privacy and online consumer protection. At the same time, a number of LDCs in the region are accessing regional markets through a variety of trading arrangements. It was also noted that the strategic interests of larger economies are important for regional cooperation, and particularly for LDCs in Asia, thereby becoming one of the factors for participation in regional supply chains.

Cambodia shared its experience with regional integration efforts, which formed an integral part of its long-term LDC graduation strategy. In addition to the Regional Comprehensive Economic Partnership (RCEP), Cambodia recently signed bilateral free trade agreements (FTAs) with China and with the Republic of Korea and is currently working on an FTA with the United Arab Emirates. It was also noted that under Cambodia's 2022 chairmanship of the Association of Southeast Asian Nations (ASEAN), discussions around negotiating an ASEAN-Canada FTA and upgrading the ASEAN-China FTA had progressed.

Strengthening capacity to trade

“In addition to trade preferences, trade capacity building is essential for the implementation of the Doha Programme of Action and the Sustainable Development Goals at large.”

**H.E. Mr Samheng Bora,
Secretary of State, Ministry
of Commerce, Cambodia**

“Over the past years, the international community gained valuable knowledge and experience in delivering impactful development assistance. We need to scale up good practices so that many more people living in LDCs can have a greater chance to improve their lives.”

**H.E. Mr Kokou Yackoley
Johnson, Ambassador of Togo
and Chair of the EIF Board**

LDC participants shared their perspectives on trade support for LDCs and highlighted some good practices, including facilitating country ownership, engaging with the private sector, and having development partners on the ground. Several shared the challenges LDC exporters face in accessing the markets of their trading partners, including having to comply with multiple standards. LDC participants indicated that any disruption in trade support to LDCs would undermine the continued assistance they need to sustain results.

LDC development partners shared their approach to trade support and expressed a strong commitment to LDCs’ integration into global trade. It was recognized that multilateral trade support to LDCs is an important instrument for strengthening LDC participation in global trade. There was also a shared understanding that trade support should be more effective, efficient, and fit for purpose to respond to current global challenges. It was noted that more efforts are required to support LDCs in addressing productive capacity constraints, enhancing connectivity, reducing trade costs, participating in global supply chains and building resilience.

Discussions highlighted that future multilateral trade support for LDCs should be aligned to the DPoA and the 2030 Agenda for Sustainable Development, and anchored in a strong coordination mechanism. This should be able to leverage partnerships and resources with competent governance, and robust monitoring, learning and evaluation. It was also

noted that trade support should be greener and more inclusive, with an operational structure that allows it to quickly adapt and respond to LDC requests. It was noted that a paper, commissioned by the EIF, is currently being prepared to explore how to provide better future trade support to LDCs, including what needs to be put in place to fully address the trade challenges LDCs face.



Ensuring smooth transition after graduation from LDC status

“More than one third of the total LDCs are now on graduation track. DPoA calls for enabling 15 additional LDCs to meet the criteria for graduation by 2031. It is pivotal for the graduating countries to develop comprehensive transition strategies built through evidence-based analysis, multi-stakeholder consultation, and enhanced engagements with development and trade partners.”

**H.E. Ms Rabab Fatima,
High Representative and
Under-Secretary General,
UN-OHRLS**

“The discussions and analytical work indicate that the impact of LDC graduation will vary in scope and magnitude from one graduating LDC to another. We need customized solutions to address the needs of each graduating LDC.”

**Mr Madhu Kumar Marasini,
Secretary of Commerce and
Supplies, Nepal**

The discussions covered trade impacts of LDC graduation in the area of market access, WTO rules and development cooperation. In the area of market access, graduation would result in loss of LDC trade preferences for certain graduating LDCs. However, the degree of impact would vary across LDCs depending on their export items, destination markets and use of preferences. It was noted that some LDC trading partners already provide a transition period to LDC graduates, and that alternative arrangements could be negotiated to continue receiving similar benefits. With respect to WTO rules, three main areas required continued monitoring: trade-related aspects of intellectual property rights, the use of non-agricultural export subsidies, and agriculture. It was noted that the WTO offers a range of technical assistance programmes to help members integrate WTO rules. Regarding development cooperation, it was noted that development assistance is unlikely to change following graduation from LDC category, as development partners determine aid allocations based on a variety of considerations and not necessarily on LDC status.

The WTO LDC Group’s latest proposal regarding LDC graduation – WT/GC/W/807/Rev.2 – was also discussed. It was noted that with respect to market access, LDCs want their trading partners to extend trade preferences for a certain time period. LDCs would also like to continue benefitting from LDC-specific special and differential treatment provisions for a certain time period.

The discussion also highlighted the need to reconsider LDC graduation criteria to better reflect the nuances of those countries' vulnerabilities. It was also recognized that while there is a need to prepare smooth transition strategies, further clarity with respect to their objective, scope, and focus is also required. A sustainable graduation support facility (iGRAD) will be launched at the LDC5 Conference aimed at supporting the smooth transition of graduating LDCs.

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