

# LDC Graduation and WTO rules

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## Introduction

### LDC treatment

- WTO agreements have special provisions for LDCs
- LDCs also benefit from a range of decisions taken by Members after the establishment of the WTO
- These flexibilities are being reviewed by graduating LDCs to see the extent of impact upon graduation.



# Introduction

## LDCs treatment

Specific treatment to LDCs includes:

- Increasing trade opportunities
- Safeguarding the interests of LDCs
- Flexibility of commitments, and use of policy instruments
- Transitional time periods
- Technical assistance

# LDC treatment in WTO Agreements

S&D provisions for LDCs are contained in WTO legal texts, relevant Ministerial decisions, decisions of the General Council and other bodies;

Key areas where a graduating LDC would need to give special attention are the following Agreements:

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

Agreement on Agriculture (AoA)

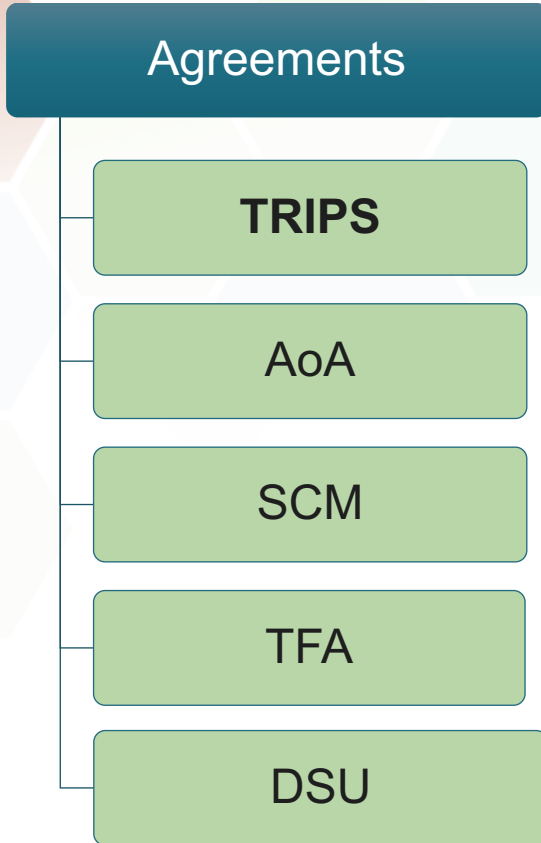
Agreement on Subsidies and Countervailing Measures (SCM)

Trade Facilitation Agreement (TFA)

Dispute Settlement Understanding (DSU)

# LDC treatment in WTO Agreements

## TRIPS



## LDC treatment

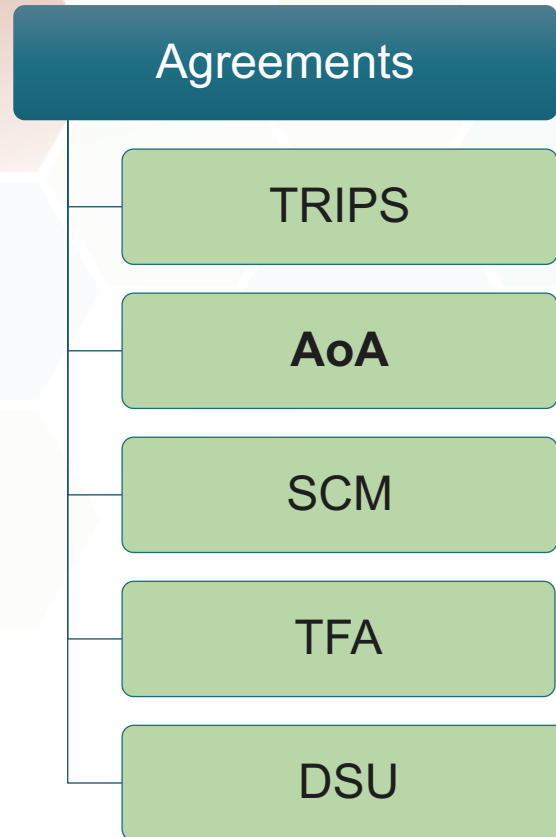
- LDCs are exempted from implementing the TRIPS Agreement until 1 July 2034 (**General Transition Period**)
- LDCs also benefit from a **specific transition period** from providing patent protection for pharmaceutical product, i.e. until 1 January 2033

## Impact on graduating LDCs

- Graduated countries will be required to take steps to be consistent with TRIPS Agreement, though this would depend on the state of IP legislation in each LDC

# LDC treatment in WTO Agreements

## AoA

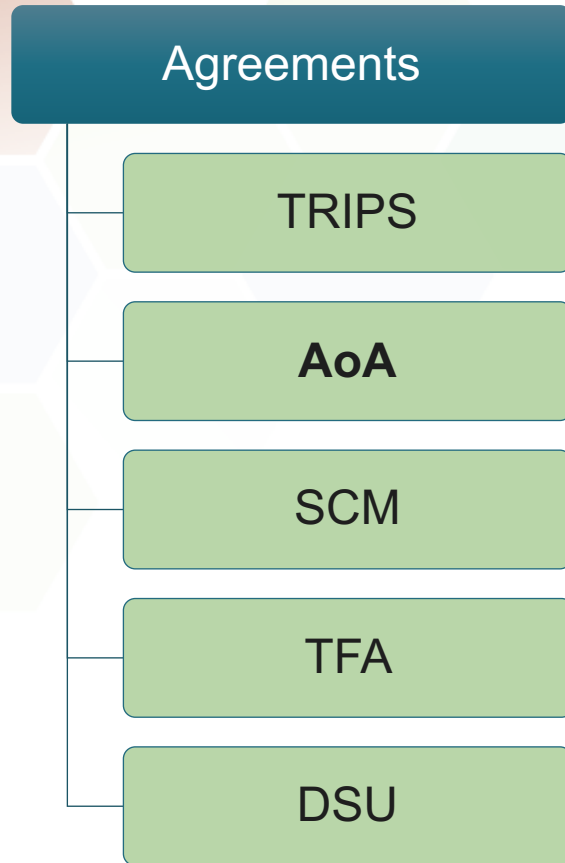


## LDC treatment

- LDCs are **exempted from undertaking any reduction commitments** (market access, domestic support and export subsidies)
  - Mostly used by the LDCs including the graduating LDCs especially in the establishment of their bound rates.
  - Recently acceded LDCs did not receive such flexible treatment.
- Nairobi Decision on Export Competition allows LDCs to provide certain export subsidies until 2030, more flexible terms for export financing support, and monetization of international food aid.

# LDC treatment in WTO Agreements

## AoA

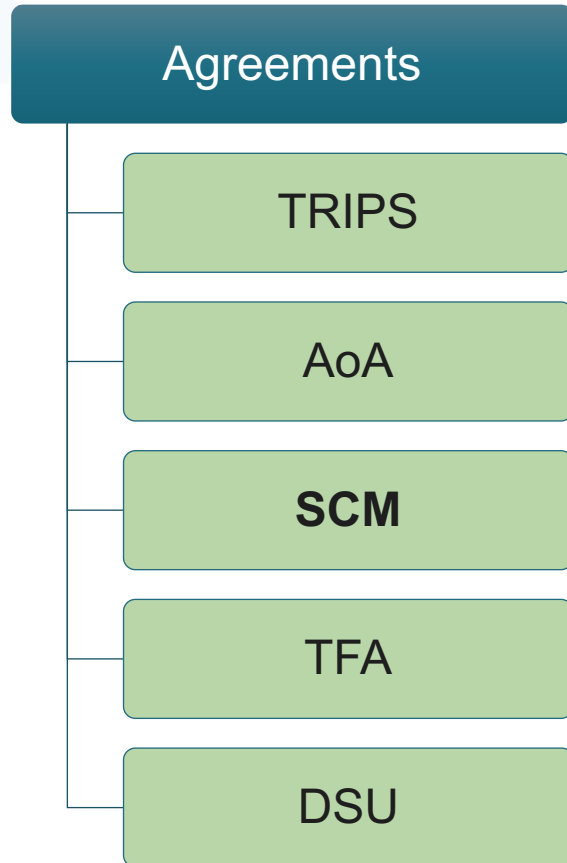


## Impact on graduating LDCs

- A change in the **periodicity of notifications** of domestic support measures (every year instead of every 2 years)
- Some impact, though limited, in terms of **accessing S&D treatment under export competition decision.**
- **Implementation period of export subsidies** may be affected.
- There could be some changes with respect to terms and **conditions for export financing support**

# LDC treatment in WTO Agreements

## SCM



## LDC treatment

- LDCs and Members with a GNI p.c. below US\$1,000 (in 1990 dollars) **are exempted from the prohibition of export subsidies** (Art. 27.2 and Annex VII)

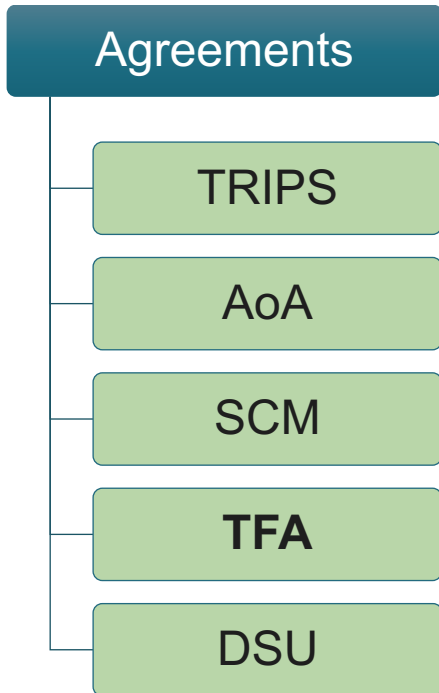
## Impact on graduating LDCs

- A proposal of the LDC Group is currently being considered by WTO Members (WT/GC/W/742) to exempt graduated LDCs from the prohibition of export subsidies if their GNI p.c. remains less than US\$ 1,000 (in 1990 constant dollar terms).



# LDC treatment in WTO Agreements

## TFA



## LDC treatment

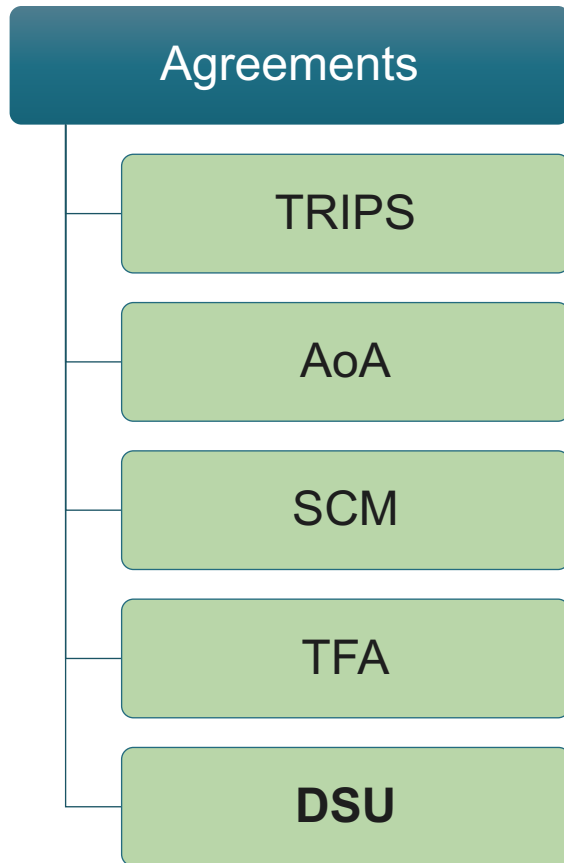
- The TFA provides for different notification deadlines
- LDCs have greater flexibility in providing notifications deadlines
- The deadline for definitive implementation date for category C commitments is 22 August 2022

## Impact on graduating LDCs

- LDC graduation will happen after the notification deadlines.

# LDC treatment in WTO Agreements

## DSU



## LDC treatment

- Art. 24.1: Calls on members to exercise due restraint in:
  - bringing up cases involving LDC members
  - asking compensation or seeking authorization to suspend the application of concessions against an LDC member.
- Art. 24.2: Use of good offices and conciliation or mediation of the Director General or the Chair of the Dispute Settlement Body (DSB), upon request by an LDC, before the establishment of a panel.

## Impact on graduating LDCs

- Upon graduation special procedures in favour of LDCs, outlined in Art. 24, will not be applicable, though limited practical impact

# Technical assistance

## TA for LDCs

### LDC treatment

- LDCs enjoy priority in the delivery of WTO technical assistance

### Impact on graduating LDCs

- **Some LDC-specific courses would no longer be accessible, though TA needs** can be addressed through different range of TA available for developing countries in the WTO
- **EIF benefits continue for a period of five years**, following effective graduation date



## Conclusion

- No new concessions (goods) or commitments (services) are to be taken following graduation
- No change in assessed contributions of graduated LDCs to WTO budget
- Instruments are available in the WTO to address specific challenges of graduating LDCs
- LDC Group is exploring a smooth transition mechanism in the WTO



# Thank you

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