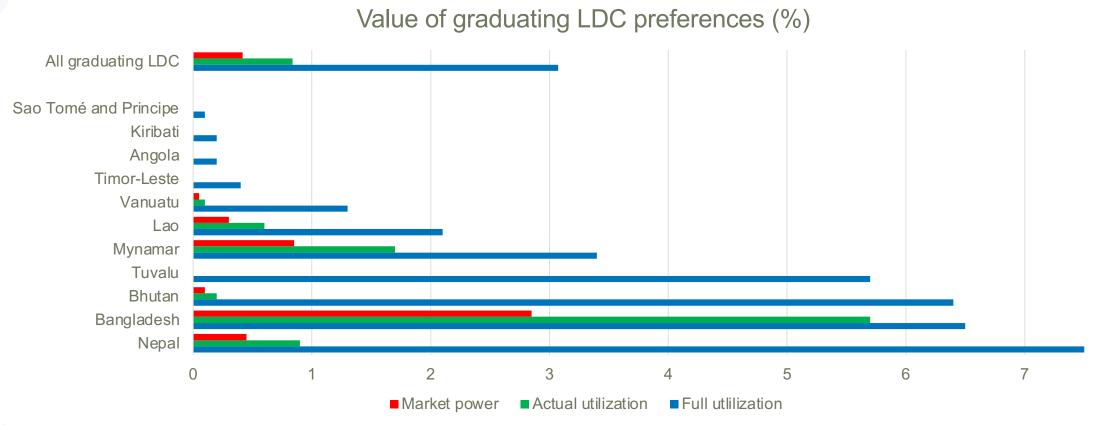
Rethinking LDC trade priorities

Marcelo Olarreaga University of Geneva and CEPR





Looking backwards





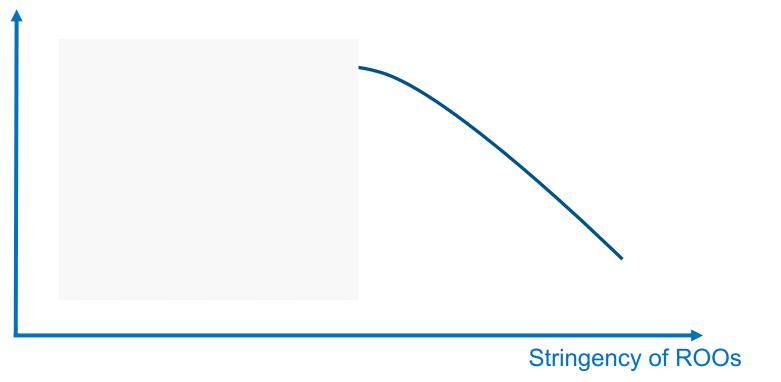
Source: WTO (2020) Trade impacts of LDC graduation

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More lenient ROOs are not helping....

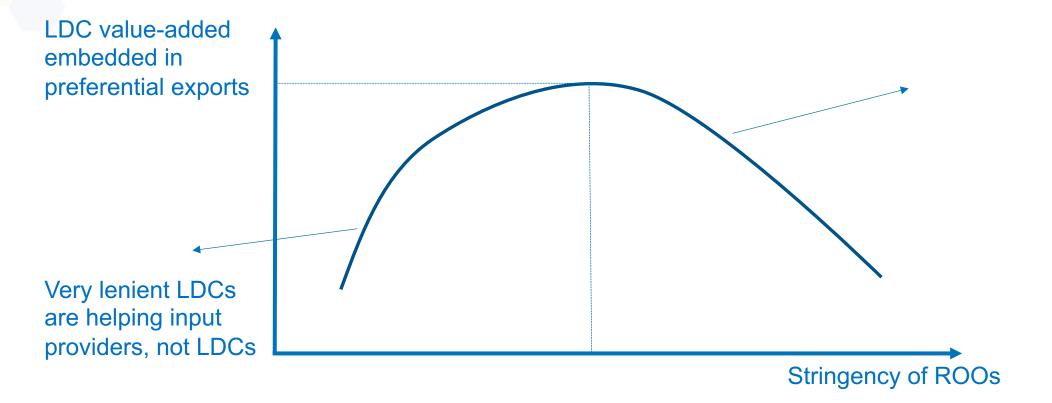
LDC value-added embedded in preferential exports





Rotunno et al. (2013). The Rise and Fall of (Chinese) African Apparel Exports. Journal of Development Economics

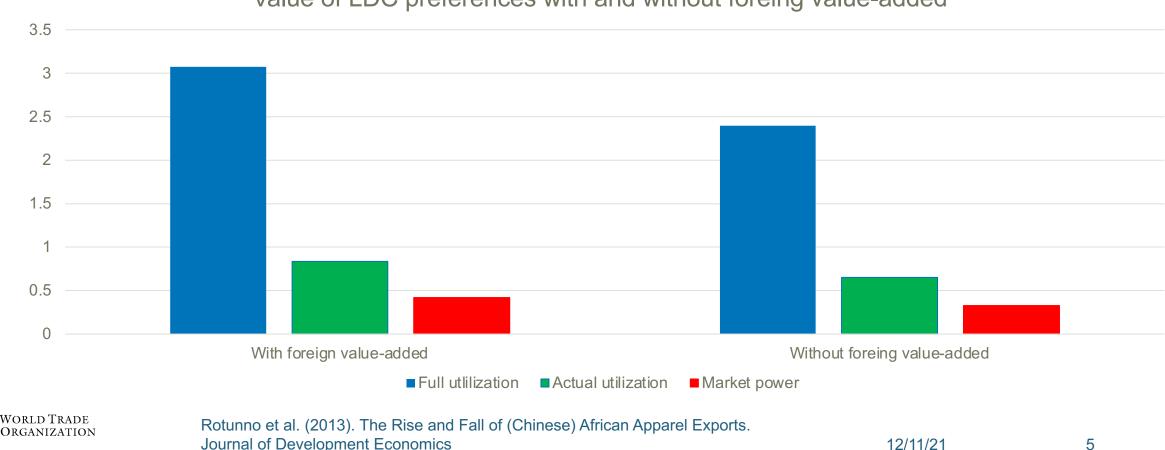
More lenient ROOs are not helping....





Rotunno et al. (2013). The Rise and Fall of (Chinese) African Apparel Exports. Journal of Development Economics

Taking away foreign value-added



Value of LDC preferences with and without foreing value-added

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Looking forward

- Longer transition periods accompanied by TA and capacity building support should be reinforced (e.g., TFA)
- Exemptions from implementation are hurting and setting negotiating agenda away from LDCs interests



Areas for engagement

- Services preferences Mode 4, of course, but also Mode 1
- E-commerce economic opportunities versus market concentration
- Environmental goods GEM versus EPP
- Labour standards VSS versus government driven
- Readiness for future pandemics more diversified versus more local GVCs



Mode 1 export potential for LDCs

Export value (millions) of top 6 exporters in Upwork (2006-2014) 400 350 300 250 200 150 100 50 0 India Phillipines Ukraine Pakistan Bangladesh Russia WORLD TRADE Horton et al. (2018). Digital Labor Market and Global Talent Flows. In High Skilled Migration ORGANIZATION

into the United States and its economic consequences, eds: Hanson, Kerr and Turner.

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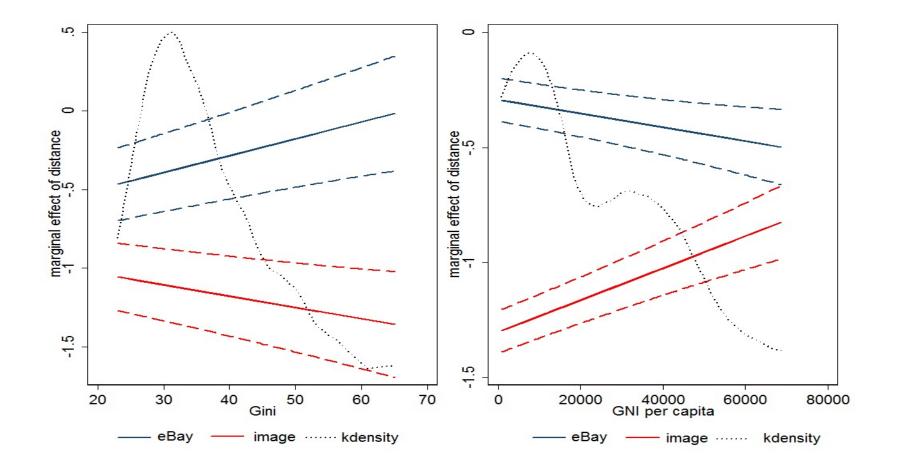
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Where does e-commerce reduce trade costs?



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Criteria for LDC status

- Subcomponents of HA and EV indices are arbitrary
- Substitutability or complementarity: arithmetic versus geometric means
- Weights are arbitrary: more weight on school enrolment than under five mortality?
- Absolute versus relative: there will always be 20 percent of countries in the bottom quintile





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