World Trade Organization

LDC success stories

SECOND EDITION

Disclaimer

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Table of contents

Foreword

H. E. Dr José R. Sánchez-Fung, Ambassador of the Dominican Republic and Chairperson of the Committee on Trade and Development.
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Efforts towards fostering LDC development gained momentum during 2023. In March, the international community came together at the Fifth United Nations Conference on LDCs to strengthen partnerships in support of the implementation of the Doha Programme of Action for LDCs for the decade 2022-2031. In October, WTO members adopted an important decision on LDC graduation which encourages members to provide a smooth and sustainable transition period for the withdrawal of duty-free and quota-free programmes after graduation.

The LDC Sub-Committee provides a platform for LDCs and their trading partners to explore opportunities and challenges facing LDCs in global trade. In 2023, the LDC Sub-Committee discussed preferential rules of origin, LDCs' participation in supply chains, and ways to strengthen LDCs' capacity to trade.

This second edition of the LDC Success Stories magazine includes stories shared by LDCs at the Sub-Committee in 2023 and published on the LDC Success Stories blog. The stories' authors range from farmers in Zambia to government officials in Angola, Cambodia and Rwanda.

Francis Chama highlights some of the success factors that have helped Zambia's York Farm reach global markets. Chy Sotharith discusses the role that rules of origin play in facilitating Cambodia's exports.

Antoine Kajangwe shares Rwanda's experience as it works towards structural transformation. And Amadeu Nunes stresses the importance of partnerships for achieving economic diversification and ensuring a smooth transition from LDC status.

These experiences offer different perspectives and possible strategies as the international community redoubles its efforts in supporting the implementation of the Doha Programme of Action for LDCs.

H.E. Dr José R. Sánchez-Fung

Ambassador of the Dominican Republic
Chairperson of the Committee on Trade and Development

LDCs' participation in global supply chains

ZAMBIA

Growing vegetables for global markets

Francis Chama is Packhouse Manager at York Farm in Zambia with over 10 years of experience in production management, quality control, processing, packing and exporting vegetables to regional and global markets. He explains how Zambian producers have managed to improve their capacity to comply with the requirements of international markets and better integrate into supply chains.

Francis Chama is Packhouse Manager at York Farm in Zambia.
© Francis Chama, York Farm.

Creating bespoke solutions

What is the business model of York Farm?

York Farm specializes in the growing and packing of fresh vegetables and roses, mainly for export. It employs up to 800 workers. We have two farms: Kashima Farm and one in Makeni, west of Lusaka. We also have one packhouse to store, sort and pack products destined for export.

What do you export and to which markets?

We export baby corn, sugar snap peas, mange-tout peas, chillies and fine beans to various destinations, including Germany, the United Kingdom, New Zealand and South Africa.

York Farm exports baby corn, sugar snap peas, mange-tout peas, chillies and fine beans to various destinations.
© Francis Chama, York Farm.

What are some of the success factors of York Farm?

Compliance with international standards on food safety, farming, labour and the environment has contributed to the company's success in joining global supply chains for agricultural products.

Do you face any challenges when exporting?

Yes, we face several challenges. These include high production costs, limited market access, low market prices and the high cost of maintaining international standards and meeting export requirements. We also have limited capacity to conduct inspections of exported products and often face product rejections by customers due to quality issues.

What do you think are some of the challenges that least developed country (LDC) producers of agricultural products face in joining global supply chains?

One of the main challenges is lack of information, especially on export requirements. Other challenges include insufficient marketing skills, a lack of storage and transportation facilities, difficulty accessing farming equipment and quality inputs, and challenges related to standardization and grading.

How does the international community help Zambian producers to better integrate into global supply chains?

To strengthen our capacity to meet international standards for our products, we have been working with the Standards and Trade Development Facility and the Enhanced Integrated Framework. Some of our joint activities have included training inspectors, farmers and traders on meeting phytosanitary requirements, such as those related to phytosanitary certificates, declarations and permits, and providing training on risk-based pest control activities.

As a result, we now have greater phytosanitary capacity, which has helped open new markets for our horticultural and floricultural products. The processing time and transport costs for our exports have been cut. And we have greater inspection capacity, which helps us better manage the risk of pests. Finally, we have reduced the incidence of product rejections, complaints and returns from customers.

From your experience, what advice can you give on increasing the participation of LDCs in global supply chains?

More trade support is required to train and equip potential producers in LDCs to access international markets, thereby bolstering their participation in global supply chains.

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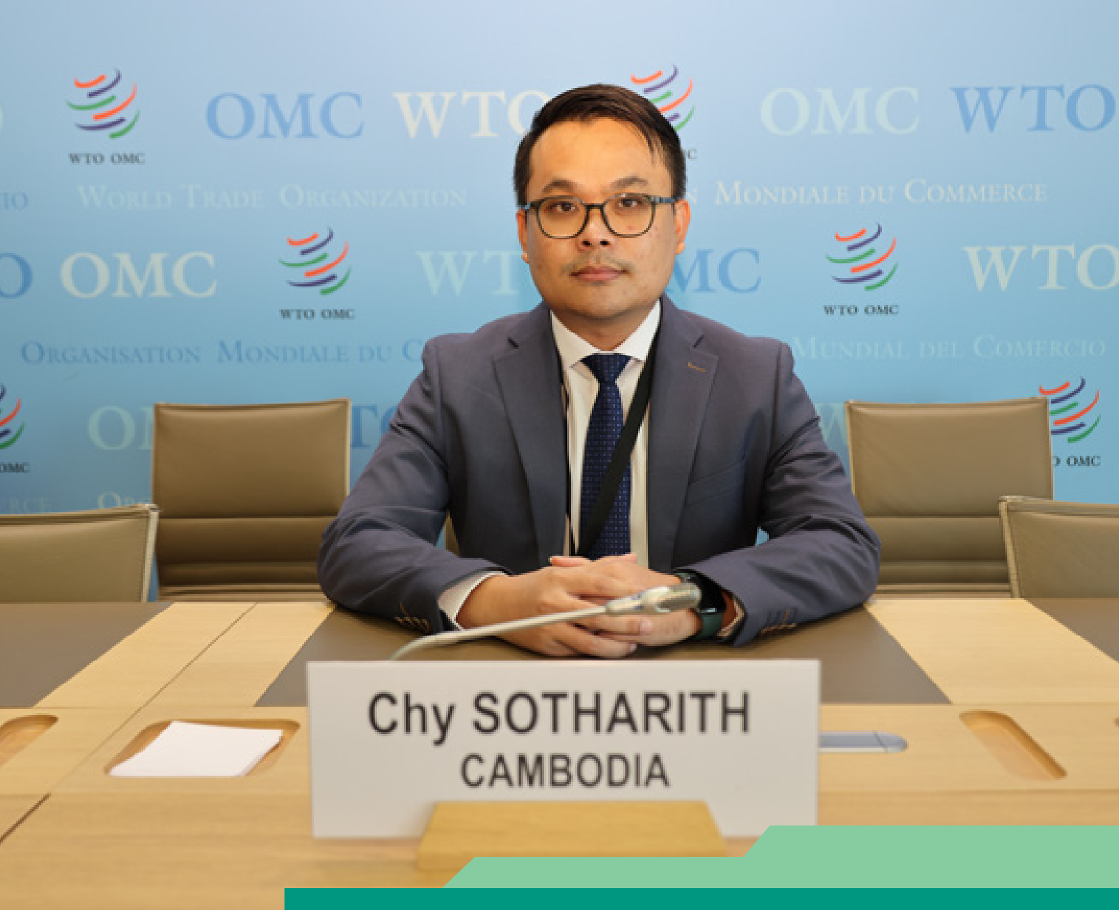
Preferential rules of origin

CAMBODIA

Facilitating Cambodia's exports to regional and global markets

Chy Sotharith is the Deputy-Director of the Department of Export-Import in Cambodia's Ministry of Commerce. He outlines Cambodia's experience in making use of rules of origin to facilitate exports from least-developed countries (LDCs).



Chy Sotharith is the Deputy-Director of the Department of Export-Import under the General Directorate for Trade Support Services in the Ministry of Commerce of Cambodia.
© WTO.

How do you see rules of origin facilitating exports from LDCs to regional and global markets?

LDCs enjoy duty-free, quota-free access to external markets through a variety of arrangements, including regional trade agreements. For customs to identify whether a product was "made in an LDC", rules of origin apply. These vary from one preference scheme to another. When rules of origin are too strict, it may be difficult for LDC firms to meet the necessary criteria.

For example, before the European Union reformed its Generalized System of Preferences (GSP) in 2011, the rules of origin for garments required the products to be assembled with fabrics that had been woven or knitted domestically. Since Cambodia has mostly imported fabrics from its regional partners, it was difficult for garment manufacturers to meet those origin requirements.

After the GSP reform of the European Union, the EU's Everything But Arms Initiative for LDCs – which ensures all imports to the EU from LDCs are duty-free and quota-free, with the exception of arms and ammunition – now allows for the use of imported fabric for garment products to be considered as originating from LDCs. Since then, we have seen a stable growth of our garment exports to the European Union.

What happens if only part of the product is "made in an LDC"?

As you know, LDCs have limited capacity to produce and export. Often, we work hand in hand with our trading partners during the production process. So, when it comes to exports, customs have to see whether these types of products can still be considered as "made in LDCs" under the so-called cumulation rules, which allow producers in one country to source inputs from other countries without losing the "originating" status of the final product. For example, in the case of the European Union, LDCs benefit from flexible rules of origin which allow for up to 70 per cent of non-originating material in a final product.

Cambodia's bicycle industry is a good example here. Our bicycle manufacturers rely on neighbouring countries for certain critical inputs, such as tubes and saddles from Viet Nam. Since the parts made in Cambodia and Viet Nam can be "cumulated" or added together, customs then see whether the entire bicycle does not exceed the 70 per cent threshold of non-originating materials and determine whether our bicycles can enter the European Union market duty free.

In order for Cambodia to maintain growth in the bicycle industry, we requested the European Commission to grant us an extended cumulation arrangement with Viet Nam, after the European Union signed a free trade agreement with Viet Nam. I am very pleased that our request was accepted, meaning that we continue exporting our bicycles to the European Union duty free.

What are some of the tools that can help ease the administrative burden of origin requirements?

If the administrative requirements are too burdensome, LDC exporters may prefer paying most-favoured nation tariffs instead of using trade preferences. To support our exporters, we joined the registered exporter system of the European Union, which allows for self-certification by exporters. This system enables Cambodian exporters to obtain a reference number from the Ministry of Commerce, which can be used together with the invoice and packing list as a proof of origin. This saves time, reduces the administrative burden and helps our exporters to make use of the preferences offered.

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Strengthening LDCs' capacity to trade

RWANDA

Striving for economic transformation

Antoine Kajangwe is the Director General of Trade and Investment in Rwanda's Ministry of Trade and Industry. He outlines the progress made in achieving economic transformation in Rwanda.

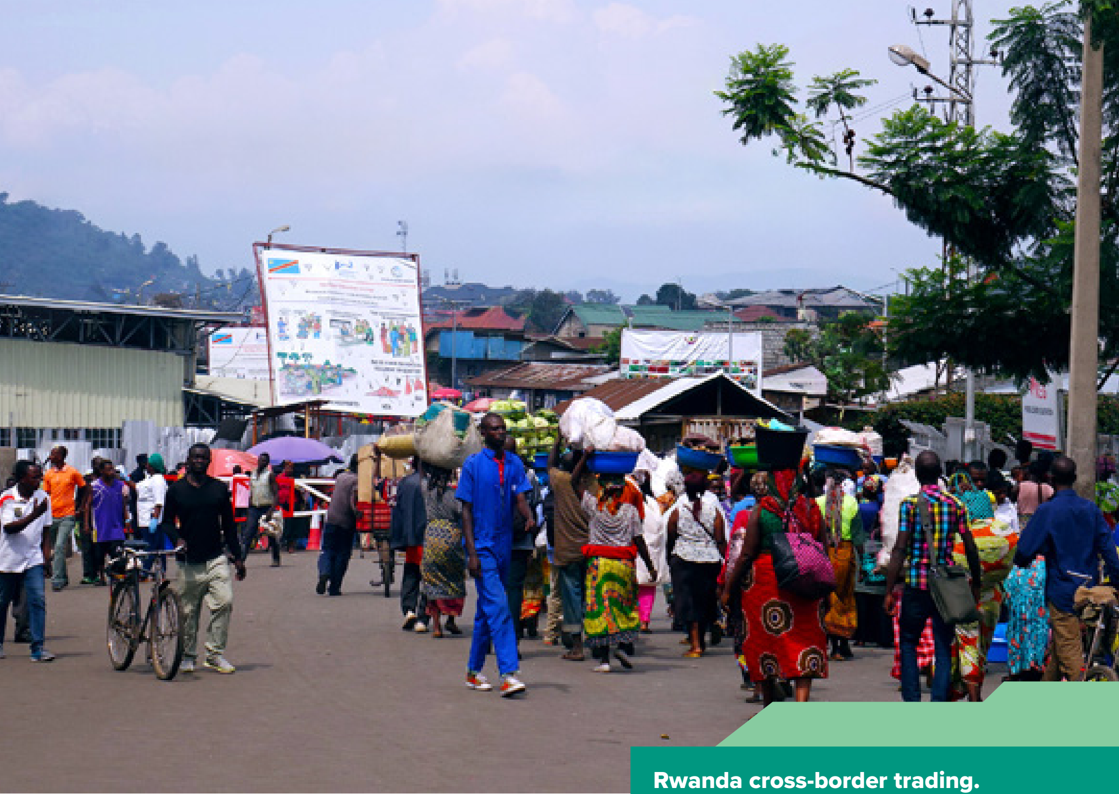
Antoine Kajangwe is the Director General of Trade and Investment in Rwanda's Ministry of Trade and Industry.
© Antoine Kajangwe.

What is Rwanda's target for economic transformation?

Under our National Strategy for Transformation (2017-24), we aim by 2024 to create 1.5 million jobs, accelerate urbanization to include 35 per cent of the population and promote industrialization to achieve annual export growth of 17 per cent.

What progress have you made so far?

We are on track to realize the targets set out in the National Strategy. Every year, we have created over 200,000 jobs in agriculture, manufacturing and services. The urbanization rate increased to 29.4 per cent of the population in 2022, and the industrial sector has contributed one-fifth of Rwanda's GDP. A shift from primarily agricultural exports to more value-added activities like mineral exploration has improved our export performance, with exports growing on average 17 per cent a year.



Rwanda cross-border trading.
© Violeta Gonzalez, WTO.

What role do partnerships play in supporting Rwanda's economic transformation?

We have strong partnerships with several international, regional and national organizations. We have been working closely with the World Bank in particular to improve connectivity, boost services trade and advance regional integration efforts. In addition, the International Finance Corporation (IFC) has provided support to help our micro, small and medium-sized enterprises (MSMEs) gain access to finance.

What have been the benefits of Rwanda's partnership with the World Bank?

Our joint efforts in the Great Lakes – ranging from the construction of cross-border markets and the training of cross-border traders to coordinated border management in the Nyamasheke and Bugarama districts – have helped to reduce trade costs. In addition, a regional airport in Kamembe can now cater for regional transit trade and tourists. With support from the IFC, private-sector-led safari camps have also been developed in Rwanda's largest national park.

What about regional integration efforts?

We have advanced our regional integration efforts through membership of the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA). For example, the EAC common external tariff has recently been reformed. Improving our certification capacity by harmonizing regional standards has also been a priority for us. We have also focused on fostering services trade and improving the domestic investment environment under the AfCFTA.

What is your advice to other least-developed countries (LDCs)?

I would advise other LDCs to shift towards manufacturing value-added products, to focus on developing regional value chains, to invest in technology acquisition and innovation, to harness the potential of regional trade agreements and to engage with development partners to strengthen productive sectors, such as agriculture, industry and services.

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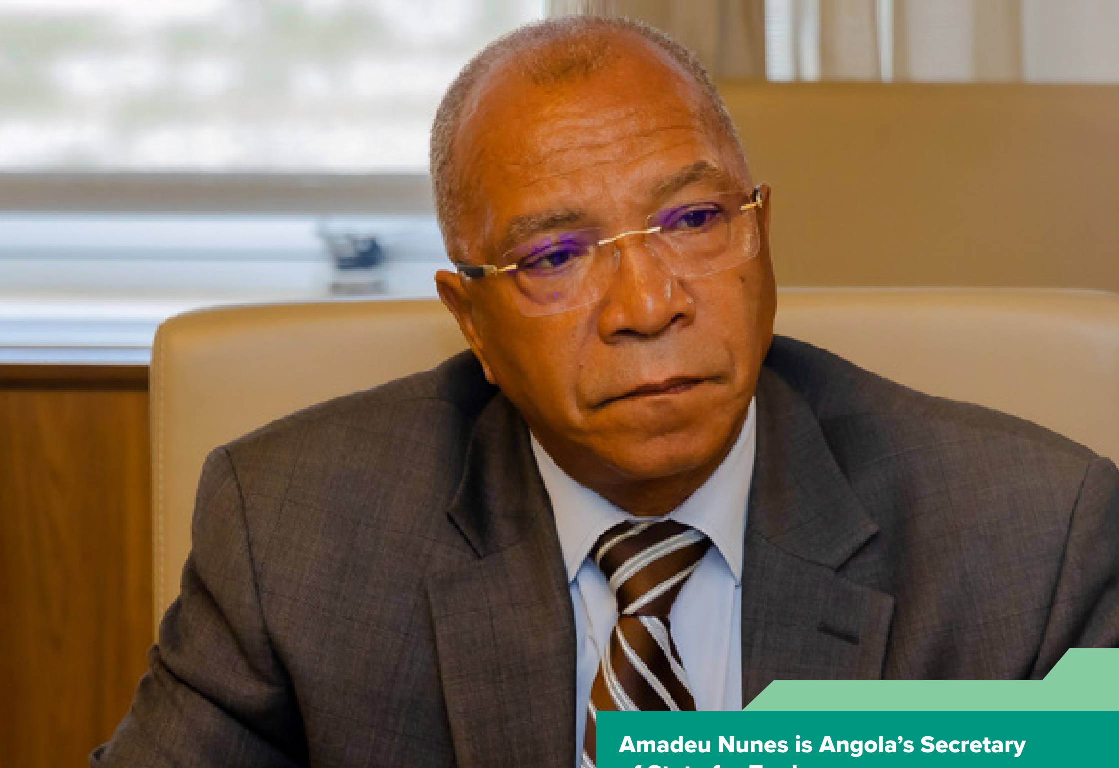
ANGOLA

Strengthening partnerships for economic diversification and prosperity

Amadeu Nunes is Angola's Secretary of State for Trade. Dr Nunes highlights the importance of partnerships for achieving economic diversification and ensuring a smooth transition from least-developed country (LDC) status.



Amadeu Nunes is Angola’s Secretary of State for Trade.
© Amadeu Nunes.

What is the main priority for Angola?

Economic diversification is one of our main priorities, reflected in our National Development Plan for 2023-27.

Can you give an example of how Angola is working with development partners to boost economic diversification?

We have been working closely with the United Nations Conference on Trade and Development (UNCTAD) as part of the "Apoio au Comércio" programme funded by the European Union. We undertook an assessment of Angola's productive capacities. This resulted in a proposed path forward to further strengthen these capacities. We mapped out eight promising green product value chains and the support required for their development. We have also been working on strategies to promote cultural and creative industries, boost entrepreneurship, bolster trade facilitation and increase exports of fishery products and honey.

How did you go about bringing national stakeholders on board?

We set up a two-tier management system with the participation of 23 ministries and various agencies. This cooperation helped to improve policy coherence, especially in terms of integrating trade and sectoral policies. This helped improve the quality of honey and fishery products for export. It also enabled greater coordination with the private sector, academia and civil society.

What are the results so far?

Over 2,500 Angolans have received training, including in sectors with high export potential, such as agriculture and fisheries. Over 100 people received training to scale up these efforts across 18 provinces. In addition, 30 of the top-performing companies completed UNCTAD's EMPRETEC entrepreneurship training, which helped them increase sales and create new jobs. We have also received support on attracting sustainable investment in agriculture and developing transport infrastructure.

What's next?

Angola is on the path to graduation from LDC status. Strengthening resilience against economic shocks and addressing climate-related vulnerabilities have been priorities for the country.

We have also been working closely with development partners in ensuring a smooth graduation process. For example, Angola's vulnerability profile, prepared by UNCTAD, covers a variety of topics – from stocktaking of economic transformation efforts to policy measures aimed at cushioning against external shocks. It also outlines challenges and opportunities for achieving a smooth transition from LDC status and possible areas to be addressed. Currently, we are working with UNCTAD in preparing our national strategy to pave the way for sustainable graduation from LDC status.

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