



WORLD TRADE ORGANIZATION  
ORGANISATION MONDIALE DU COMMERCE  
ORGANIZACIÓN MUNDIAL DEL COMERCIO

# Harnessing trade for development in least-developed countries



The World Trade Organization (WTO) is the international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members. It seeks to place developing countries' needs and interests at the heart of its work programme.

## Trade, development and the WTO

**Trade is a key pillar of the development strategies of least-developed countries (LDCs) and a main driver of economic growth and poverty alleviation. An open rules-based multilateral trading system has the potential to facilitate the full integration of LDCs into global trade. Open markets play an essential role in supporting growth and job creation. In order to reap the full benefits of these opportunities, market openings need to be accompanied by capacity-building initiatives to help developing countries bring to market internationally competitive and tradable goods and services. The WTO is at the forefront of efforts to make this happen in the context of the Doha Round of trade negotiations and in its role in Aid for Trade and in the Enhanced Integrated Framework for LDCs.**

Recognising that trade is and will continue to play a central role in LDCs' efforts to lift themselves out of poverty, what needs to be done to build a strong and sustainable trading future for LDCs? First, LDCs need meaningful market access for their full integration into the multilateral trading system embodied by the WTO. Secondly, trade-related capacity-building initiatives, in particular Aid for Trade, are helping LDCs to exploit the benefits of market openings. Enhanced market access without the capacity to produce competitive and tradable goods and services will fail to produce higher economic growth.

Successive rounds of trade negotiations have greatly reduced impediments to trade. The successful conclusion of the current Round of negotiations – the Doha Development Agenda (DDA) – is expected to create further economic opportunities for all WTO members, including the LDCs. The multilateral trading system has coped well with the strains placed on it by the unprecedented economic crisis experienced by the world since 2008. The WTO's monitoring of trade policy measures has helped resist protectionist pressures and the imposition of new trade restrictions, while its technical assistance has helped LDCs take better advantage of market opportunities.

### Brussels Programme of Action for LDCs

Over the past decade the WTO has made significant progress towards attaining the goals set out in the Brussels Programme of Action (BPOA), which was adopted at the UN Conference for LDCs in 2001. The WTO has focused in particular on Commitment 5 – “Enhancing the role of trade in development.”

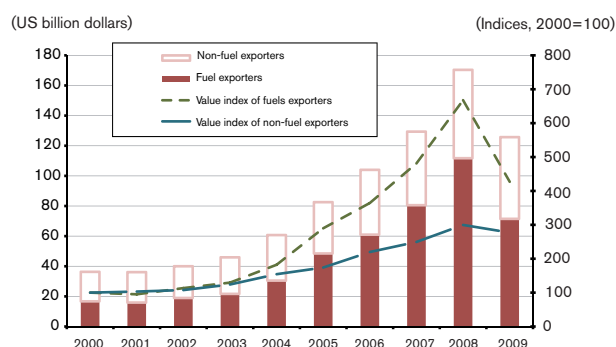
The trade-related objectives of the BPOA are an integral part of the WTO Work Programme for the LDCs which was established in 2002. In addition, the Doha Round negotiations – launched only six months after the adoption of the BPOA – have further bolstered the LDCs' integration into the global economy.

### Trade performance of LDCs

Since 2001, the overall trade performance of LDCs has gradually improved. In fact, the growth of LDC exports was higher than the world average during 2000-2009.

The share of LDC exports in world merchandise trade reached close to 1 per cent in 2009 – nearly twice the level recorded a decade ago. Although the overall share of LDCs in world trade in commercial services remained static at around 0.4 to 0.5 per cent during 2000-2009, trade in services has grown in importance for a number of LDCs.

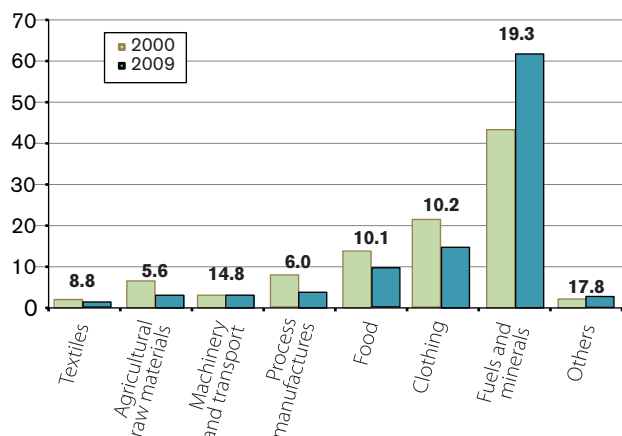
**Figure 1: Evolution of LDCs' merchandise exports, 2000-2009**



Source: WTO Secretariat

From 2000 to 2009, LDCs' merchandise exports registered an average annual growth rate of nearly 15 per cent, almost twice the growth of world trade during this period (8 per cent). Over the same period, LDCs' export of commercial services rose by 13 per cent compared with 9 per cent for world trade. As a result, LDC exports have seen a significant increase during the last decade. LDCs' total trade, combining goods and services, increased from US\$ 95 billion in 2000 to US\$ 323 billion in 2009.

**Figure 2: Composition of LDC exports, 2009**



Note: Data may include re-exports. Numbers indicate average annual growth rate in 2000-2009.

Source: WTO Secretariat

## LDC membership in the WTO

Of the 48 countries designated by the United Nations as LDCs, 31 are WTO members and a further 12 are in the process of acceding to the organization (see page 7). In the past decade, two LDCs graduated from LDC status: Cape Verde (1 January 2008) and the Maldives (1 January 2011). LDC WTO members account for one-fifth of WTO membership and therefore represent an important constituency in the organization.

Members of the WTO recognize the vulnerabilities of the LDCs in the global economy and share

the goal of integrating LDCs into the multilateral trading system. As a result, LDCs continue to be a special focus of the WTO. Measures taken in the organization over the last decade have contributed significantly to achieving the goals of the BPOA, as well as the goals set out in the UN Millennium Declaration.

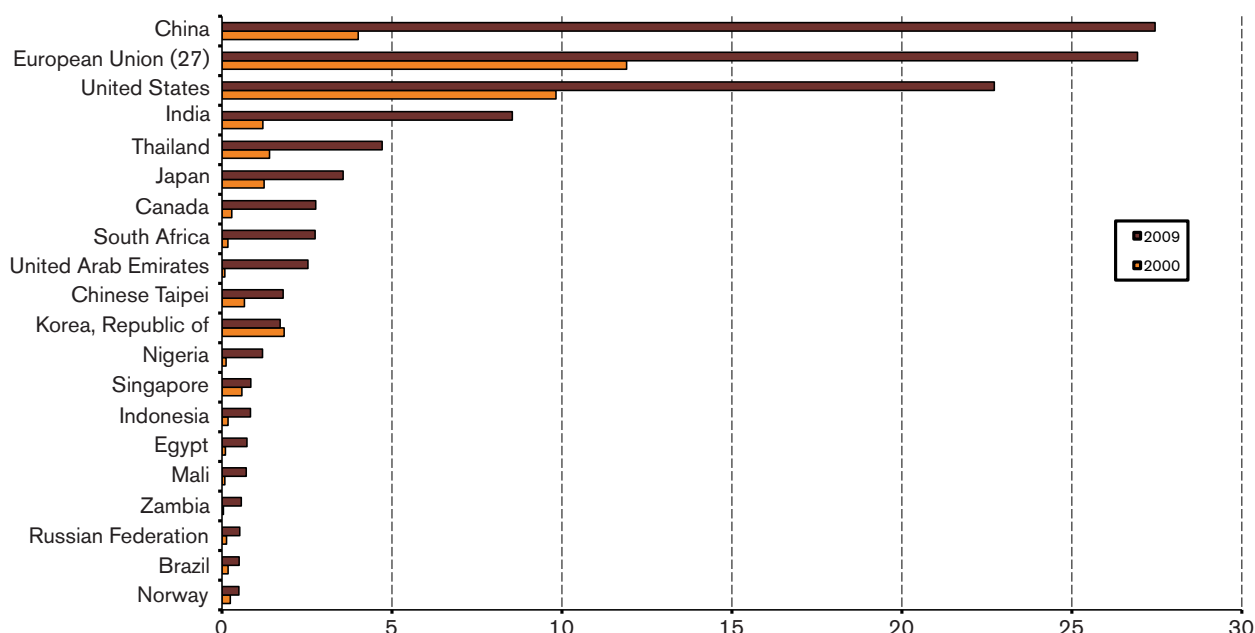
## The WTO Secretariat and the LDCs

The WTO Secretariat pays special attention to the needs and concerns of LDCs in participating in the multilateral trading system. This includes creation of a dedicated LDC Unit in the WTO Secretariat, day-to-day support provided to the LDC Consultative Group, WTO technical assistance and training, and partnership arrangements with other institutions to meet trade capacity-building needs.

The LDC Unit was established in February 2003 with a view to bringing a consistent approach to LDC issues within the WTO Secretariat. Located within the Development Division, the unit is the focal point for LDC issues in the Secretariat, serving dedicated bodies for LDCs such as the Sub-Committee on LDCs and the LDC Consultative Group. It also services the African Group (which includes many LDCs among its members) and represents the WTO at the governing bodies of the Enhanced Integrated Framework. The unit, in cooperation with the Institute for Training and Technical Cooperation, also provides trade-related technical assistance on issues of interest to LDCs.

**Figure 3: Top 20 markets for LDC export of goods, 2000-2009**

(US billion dollars)



Source: WTO Secretariat



### Box 1: The LDC Consultative Group

The WTO's LDC Consultative Group was established in 2001 to coordinate LDC issues across the WTO. It provides a forum for LDC delegations to articulate their positions and to pursue common interests. The group, which brings together all LDC members and observers in the WTO, has a coordinator elected on a rotating basis from among its members. The coordinator advances LDC interests in the negotiations as well as in the regular work of the WTO and also represents the group in key negotiating processes.

Today the LDC Group is one of the more active groups in the WTO. Most of the LDC proposals submitted in the negotiations have emerged from the work of this group, which also plays a leading role in preparing the LDC trade ministers meetings that set out the broad parameters for LDCs' participation in the WTO. This increased level of participation of the LDCs in the WTO bodes well for further integration of LDCs into the multilateral trading system.

## LDCs and trade negotiations in the Doha Development Agenda

The Doha Development Agenda (DDA) was launched in November 2001, six months after the launch of the Brussels Programme of Action (BPOA). In launching the DDA, and in line with Commitment 5 of the BPOA that focuses on "Enhancing the role of trade in development", WTO trade ministers sought to integrate the trade-related elements of the BPOA into the WTO's own work. Consequently, in the work of the WTO, both in the DDA negotiations as well as in its regular work, special attention is given to LDCs. This has contributed significantly to achieving the goals of the BPOA.

At the Doha Ministerial Conference in 2001, trade ministers committed themselves to "addressing the marginalization of least-developed countries in international trade and to improving their effective participation in the multilateral trading system". They reaffirmed the commitments in the BPOA and agreed "to take into account, in designing its Work Programme for LDCs, the trade-related elements of the Brussels Declaration and Programme of Action, consistent with the WTO's mandate, adopted at LDC-III". Shortly after the Doha Conference, in February 2002, WTO members adopted the Work Programme for LDCs, the first of its kind in the WTO. This signalled an important step in implementing the trade-related objectives of the BPOA, as these have been mainstreamed in this work programme. The implementation of the work programme has been

a priority for the Sub-Committee on LDCs, which is the dedicated body of members for LDC issues in the WTO.

The Doha Declaration recognizes that a transparent, non-discriminatory and rules-based multilateral trading system is essential for LDCs to realise the potential benefits of globalization. The BPOA echoes the same goals. By integrating into the trading system, LDCs have the opportunity to benefit from an expansion of global trade. As a result, the LDCs are active participants in the ongoing DDA negotiations and have secured a number of significant and favourable decisions. While the LDCs are expected to gain from all areas of negotiations under the DDA, some of the key developments are outlined below.

### Agriculture and cotton

The DDA has embraced the BPOA's objective of securing a fair and market-oriented agricultural trading system. Agriculture is the backbone of many LDC economies, as the sector accounts for a large share of GDP and an even bigger share of employment. Agriculture remains the sector with the greatest growth potential and the most direct route to reducing poverty.

A successful conclusion of the DDA agriculture negotiations would lead to eliminating export subsidies as well as to reducing domestic support and represents the most promising avenue for substantive trade gains for LDCs. LDCs would enjoy substantial improvements in market access for their agricultural exports, in particular from the implementation of the duty-free, quota-free decision (see Box 2). The DDA negotiations also address the issue of tariff escalation (the imposition of higher import duties on semi-processed products), with the aim of improving export opportunities for higher-value and processed products from LDCs.

The agriculture negotiations have taken a flexible approach to allow LDCs space to develop. The draft "Modalities" text for agriculture, for example, stipulates that LDCs are exempted from any tariff reduction commitments. Another flexibility being considered for developing countries and LDCs is the use of the Special Safeguard Mechanism (SSM), a tool that will allow developing countries to raise tariffs temporarily to deal with sudden import surges or price falls.

All LDCs are net food-importers and face chronic food deficits. The negotiations seek to ensure that disciplines developed in the area of food aid do not limit the role of *bona fide* international food aid. Provisions are being contemplated to ensure that food aid does not disrupt the domestic markets of the recipient countries, displace commercial exports of other countries or be used as

a disguised means of circumventing export subsidy commitments. Another area of critical importance to LDCs is cotton, to which WTO members are also according special priority. A Sub-Committee on Cotton was created in 2004 to deal with all trade-distorting policies affecting the sector. Members have agreed to reduce trade-distorting domestic support for cotton production more ambitiously and to implement this over a shorter period of time than generally applicable.

WTO members have also recognised the connection between the trade and development aspects of the cotton issue. To increase cotton development assistance, a consultative framework on cotton was established in 2004. Under this framework, the WTO Director-General is coordinating with the development community to mobilise resources for developing economies in which cotton plays a vital role.

## **Box 2: Duty-free, quota-free market access**

In 2001, trade ministers at the Doha Ministerial Conference committed to the objective of providing duty-free, quota-free (DFQF) market access to LDC products and to considering “additional measures for progressive improvements in market access for LDCs”. This is in keeping with Commitment 5 of the BPOA which calls on development partners to improve market access for LDCs by working towards the objective of DFQF market access for all LDCs’ exports. This goal is shared in the UN’s Millennium Development Goals. Over the past decade, significant progress has been made in improving market access opportunities for LDCs.

The BPOA generated the momentum for enhancing market access for LDC products. Immediately prior to the Brussels Conference, the European Union adopted its “Everything But Arms” initiative to grant DFQF market access to LDC products. The United States adopted the African Growth and Opportunity Act in 2000, improving market access for Sub-Saharan countries, many of which are LDCs. This programme will run until 30 September 2015.

Since the launch of the DDA, the DFQF initiative received further impetus when New Zealand (2001), Iceland (2002), Norway (2002), Canada (2003), Australia (2004) and Switzerland (2004) either adopted DFQF market access schemes or made improvements in existing market access for LDC products. The objective of achieving DFQF market access was formalized through the Decision on DFQF market access for LDCs taken at the WTO Hong Kong Ministerial Conference in 2005. One of the provisions stipulates that developed countries shall provide long-term DFQF market access on a lasting basis for all products originating from all LDCs, and that developing countries declaring themselves able to do so should do likewise. It was also agreed that those countries facing difficulties in doing so should provide DFQF market access for at least 97 per cent of products originating from LDCs.

Since the Hong Kong Ministerial Conference, Japan notified amendments to its General System of Preferences (i.e. its programme for granting preferential tariffs) in April 2007 and now offers DFQF access to 98 per cent of tariff lines. By import value, the coverage is over 99 per cent. Similarly, Switzerland has been providing DFQF market access to all products from LDCs since September 2009. Since October 2009, the EU’s Everything but Arms scheme has also been granting DFQF market access to all products from LDCs.

## **Industrial goods**

The non-agricultural market access (NAMA) negotiations aim to improve market access for LDCs in sectors other than agriculture. This will be achieved through implementing the DFQF Decision as well as through reducing or eliminating non-tariff barriers (NTBs) to trade, with flexibilities for the LDCs in this regard. A majority of LDCs depend on the preferences they receive.

The challenges LDCs may face from eroding preference margins resulting from tariff reductions have been recognised. Solutions are being explored, including longer transition periods to delay implementing tariff cuts on certain products vulnerable to preference erosion in the

markets of the EU and the US. Reducing or eliminating non-tariff barriers is an integral part of the NAMA negotiations, and LDCs are among the proponents of a proposal on procedures for facilitating solutions to NTBs.

## **Services**

Trade in services can play a significant role in promoting economic development in LDCs. Commitment 5 of the BPOA calls on development partners to remove restrictions and enhance market access opportunities for services exports from LDCs. The DDA likewise emphasises the need for increased LDC participation in services trade.

### Box 3: Rules of origin

When WTO ministers agreed to the DFQF Decision in 2005 (see Box 2), they stipulated the need to ensure that “preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access”. This chimes with Commitment 5 of the BPOA, which calls on developed countries to simplify rules of origin in granting improved LDC market access.

Rules of origin are the criteria used to determine the country in which a product is made. A decision by a customs authority on origin can determine whether, for example, a shipment qualifies for tariff preferences. This is of particular importance to LDCs.

In the negotiations, LDCs have called for preferential rules of origin to be simple and more transparent. They particularly seek flexibility in the methodology for determining the origin of products, along with other flexible conditions, including on “cumulation of origin” so that they can source inputs internationally in an efficient and cost-effective manner. Since 2001, some developed countries have introduced reforms in their rules of origin. For instance, in 2003 Canada introduced new rules of origin requirements covering textile and apparel products, and these have increased the volume of imports from LDCs to Canada. Likewise, a number of LDCs in Africa have taken advantage of the rules of origin associated with the US African Growth and Opportunities Act.

Work on reforming the EU's preferential rules of origin has now been completed. All General System of Preferences beneficiaries, including the LDCs, benefit from relaxed rules of origin criteria as of January 2011. Parallel to this, LDCs in the African, Caribbean and Pacific region are negotiating specific rules of origin requirements in the context of economic partnership agreements.

Accordingly, in September 2003 the WTO adopted “modalities” for special treatment of LDCs in services negotiations, providing maximum flexibility to LDCs in undertaking commitments. One key aspect of these modalities is that they ask members to give priority to sectors and modes of supply of export interest to LDCs. The LDCs have pursued implementation of this provision, with current negotiations focusing on possible adoption of a waiver from the Most-Favoured Nation (MFN) obligations (whereby all members are treated equally) of the General Agreement on Trade in Services. This would allow members to grant preferential market access to LDC services and service suppliers without having to grant this to all WTO members.

Domestic regulation negotiations are also taking into account LDC interests. These negotiations deal

with the development of disciplines on licensing and qualification requirements as well as with procedures and technical standards. Negotiations have called for technical assistance to LDCs, including for developing and strengthening institutional and regulatory capacities to regulate the supply of services and to implement these disciplines, and for assisting LDC service suppliers in meeting the relevant requirements and procedures in export markets.

### Trade facilitation

One aim of the WTO is to assist LDCs in removing procedural and institutional bottlenecks that increase transaction costs. The need to facilitate trade between partners is also called for in Commitment 5 of the BPOA.

In July 2004 WTO members agreed to begin negotiations on trade facilitation to clarify and improve relevant aspects of the General Agreement on Tariffs and Trade (GATT): Article V (freedom of transit), Article VIII (fees and formalities connected with importation and exportation) and Article X (publication and administration of trade regulations). This recognises the importance of special and differential treatment (S&D) for developing and least-developed members, especially concerning the extent and timing of entering into commitments. More specifically, WTO members agreed that LDCs would “only be required to undertake commitments to the extent



consistent with their individual development, financial and trade needs or their administrative and institutional capabilities”.

The negotiations on trade facilitation are encouraging members to assess their trade facilitation needs and priorities. In response, the WTO Secretariat, in cooperation with other organizations (International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations Conference on Trade and Development, World Bank and World Customs Organization), launched a programme to provide technical assistance to WTO members and observers, upon request, for conducting a national self-assessment of their individual trade facilitation needs and priorities. Support has been provided by funding capital-based experts to attend meetings of the Negotiating Group on Trade Facilitation in Geneva.

LDC engagement in the trade facilitation negotiations has largely focused on S&D treatment, including technical assistance and capacity building. Of special concern to the LDCs are the potential cost implications of new measures and their ability to effectively implement the disciplines that may be agreed in the negotiations.

### **Special and differential treatment**

WTO ministers in Doha reaffirmed that special and differential treatment (S&D) for developing countries was “an integral part of the WTO Agreements” and noted the concerns expressed regarding the specific constraints faced by LDCs. Moreover, they agreed that “all special and differential treatment provisions shall be reviewed, with a view to strengthening them and making them more precise, effective and operational”. Commitment 5 of the BPOA calls on development partners to implement “in full and as a matter of priority, the special and differential measures in favour of LDCs as contained in the Final Act of the Uruguay Round”. In addition, it calls for new measures for LDCs to be considered as part of future multilateral trade negotiations.

The LDC proposals in the S&D negotiations have received special attention. Five agreement-specific proposals relating to LDCs were adopted at the Hong Kong Ministerial Conference in 2005, including the decision on the DFQF market access for LDC products. In addition, there are 28 proposals which were agreed to in principle at the WTO’s Ministerial Conference in Cancun in 2003. These would form part of the “single undertaking” of the Doha Round. The current discussion on a monitoring mechanism to regularly review the S&D provisions of WTO Agreements will help to ensure the effectiveness of those provisions.



### **Intellectual property**

The flexibilities contained within the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the linkages between TRIPS and access to medicines are of critical importance to LDCs. Moreover, Commitment 5 of the BPOA contains several provisions on transfer of technology. In the past decade, a number of actions have been taken at the WTO to address the needs and concerns of LDCs in this area.

The need for technology to support production processes and develop industrial capacity is a challenge for many LDCs. In this regard, LDCs have sought more effective implementation of Article 66.2 of the TRIPS Agreement, which requires developed countries to “provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country members in order to enable them to create a sound and viable technological base”.

At the Doha Ministerial Conference, WTO ministers agreed that the TRIPS Council would “put in place a mechanism for ensuring the monitoring and full implementation of the obligations”. Since then, the TRIPS Council has conducted several such annual reviews based on reports from developed countries. In addition, since 2008 the WTO Secretariat has been organizing annual workshops to achieve a better understanding of the operation of Article 66.2 and to establish a dialogue between LDC beneficiaries and donors.

Recognising the requests of LDCs for maximum flexibility in the implementation of the TRIPS Agreement, the Agreement accorded a transition period of ten years (i.e. until the end of December 2005) for them to implement the provisions it contained. In November 2005, WTO members agreed to extend the transition period until 1 July 2013.

The November 2005 decision also called on LDCs to provide information on their priority needs for technical and financial cooperation to assist them in implementing the TRIPS Agreement. The WTO Secretariat has



organized several workshops, including national and regional ones as well as in Geneva, to enable LDCs, developed countries and specialised institutions to exchange views and share experiences, including on ways to use existing mechanisms such as the Enhanced Integrated Framework and the Aid for Trade initiative. LDCs have stressed the importance of applying the TRIPS Agreement in support of their right to protect public health, including access to medicines for HIV/AIDS, tuberculosis, malaria and other epidemics. The Doha Ministerial Declaration on the TRIPS Agreement and Public Health, adopted in November 2001, ensured that the TRIPS Agreement will be interpreted in a way that protects public health and promotes access to medicines for all.

Ministers in Doha also recognised the problem of countries with insufficient or no manufacturing capacities in the pharmaceutical sector and instructed the TRIPS Council to decide how to ensure that countries unable to produce pharmaceuticals domestically obtain supplies of patented drugs from other countries. On 30 August 2003, the WTO General Council adopted a decision waiving Articles 31(f) and (h) of the TRIPS Agreement in certain circumstances, and in December 2005 WTO members agreed to amend the TRIPS Agreement by making these waivers permanent, allowing countries with insufficient or no manufacturing capacity to obtain cheaper generic versions of patented medicines.

## Accession of LDCs to the WTO

At the Doha Ministerial Conference in 2001, WTO ministers stressed the importance of concluding accession negotiations, in particular those of LDCs, “as quickly as possible” and agreed to work to “facilitate and accelerate accession negotiations with acceding LDCs”. This is in line with Commitment 5 of the BPOA, which calls for streamlining WTO accession requirements to ensure that the accession process is more effective, less onerous and tailored to LDCs’ specific economic conditions. It calls on WTO members to exercise restraint

in seeking concessions from LDCs in their accession negotiations.

At the time of the Doha Ministerial Conference, no LDCs had been able to accede to the WTO since the organization was established in 1995. The LDCs considered that their accession to the WTO was hindered by cumbersome and time-consuming procedures, as well as by a lack of clear and objective rules and disciplines for accession negotiations.

In December 2002, WTO members adopted the Guidelines on LDC Accession. These called for LDCs’ accessions to be accelerated through simplified and streamlined procedures, with a view to concluding the negotiations as quickly as possible. They included specific reference to market access, WTO rules, the accession process, and trade-related technical assistance and capacity building.

These guidelines provided new impetus to LDC accession, resulting in WTO members agreeing to the accession of Cambodia and Nepal at the Fifth Ministerial Conference held in Cancún, Mexico, in September 2003. In December 2007, Cape Verde concluded its accession negotiations before graduating from LDC status, becoming a full WTO member in July 2008. Twelve other LDCs at varying stages of the accession process include Afghanistan, Bhutan, Comoros, Equatorial Guinea, Ethiopia, Lao People’s Democratic Republic, Republic of Liberia, Samoa, Sao Tomé and Príncipe, Sudan, Vanuatu and Yemen. They represent 40 per cent of the total number of acceding governments to the WTO and are being assisted by the Accession Guidelines.

The WTO makes continuous efforts to help with LDC accessions, including outreach, technical assistance, policy advice and support. Since 2009, regular dialogue has been held between acceding LDCs and WTO members to deepen engagement on LDC accession and to strengthen transparency.

## Gaining more from trade

LDCs have stressed the importance of technical assistance and capacity building to assist their efforts in integrating into the multilateral trading system. LDCs have sought assistance in particular in implementing the WTO Agreements so that they can exercise their rights and exploit trade opportunities. They have also sought assistance in strengthening their negotiating capacities, in mainstreaming trade in their poverty reduction strategies and national development plans and in addressing their supply-side constraints and diversifying their export base. Moreover, they have called for a substantial increase in funding for technical assistance and capacity building for LDCs in the form of new and augmented resources.



## Technical assistance and capacity building

The WTO Secretariat has accorded special attention to LDC concerns. This is reflected through the priority accorded to LDCs in the delivery of WTO technical assistance and training and through partnership arrangements with other institutions to meet the trade capacity-building needs of LDCs.

The aim of the WTO is to assist LDCs in “adjusting to WTO rules and disciplines, implementing obligations and exercising the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system”. Certain technical assistance activities have been specifically designed for the LDCs (i.e. three-week introduction course). The importance of developing capacities for effective and informed participation of LDCs in trade negotiations is also underlined in the BPOA.

Products delivered by the WTO include general technical assistance and training (e.g. e-Training courses, Geneva-based and regional trade policy courses), specialized and advanced technical assistance and training (e.g. Geneva-based as well as national and regional technical assistance activities) and academic support for training and capacity-building. In addition, LDCs’ specific needs are addressed through “Geneva Week” (see below), trainee and internship programmes, the WTO Reference Centres Programme (see below) and through Trade Policy Reviews. Financial support is also provided to LDCs for participating in WTO Ministerial Conferences.

The WTO Secretariat has substantially enhanced its capacity to design and deliver an effective programme of capacity-building over the past decade, allowing members to better understand their rights and obligations within the multilateral trading system and to strengthen their institutional capacities to deal with all the challenges emerging from them. Between 2002 and 2009, the number of technical assistance activities delivered by the WTO Secretariat was between 450 and 500 per year. On average, LDCs are associated with between 45 and 50 per cent of all technical assistance activities undertaken by the WTO Secretariat.



One such activity is “Geneva Week”, organized twice a year. It is aimed at WTO members and observers that do not have representation in Geneva. To ensure that non-residents are kept abreast of developments in the WTO, participants are briefed on the state of play of the WTO’s work and are offered an opportunity to be involved in the work of WTO bodies during their stay. In addition to Geneva Week, the Secretariat regularly sends briefing notes and news summaries to non-resident delegations. It also provides a number of trainee and internship programmes for developing and least-developed countries. LDCs are the main beneficiaries of these programmes.

LDCs receive special priority under the Reference Centre programme, which is designed to give members better access to WTO-related information, documentation and training materials. Beneficiaries are provided with IT equipment, books, CDs, DVDs and any relevant WTO-related documentation, as well as full access to WTO databases, publications and training materials concerning WTO Agreements. Usually located in the trade ministries and in the headquarters of regional and sub-regional organizations, there are currently 155 Reference Centres installed in 109 countries, of which 55 are located in 47 LDCs. In addition, the Reference Centres can be used for the WTO’s e-training programme.

Increasingly, Trade Policy Reviews (TPRs) have a technical assistance function for LDC members. While the TPR Mechanism provides a valuable forum for achieving transparency regarding members’ trade policies and practices, the reviews also aim to improve LDCs’ understanding of WTO Agreements, enabling better compliance and integration into the multilateral trading system. They also enhance interaction between government agencies and identify and prioritize capacity-building needs.

## Enhanced Integrated Framework

At the Doha Ministerial Conference in 2001, ministers reiterated the high priority of effectively implementing the Integrated Framework (IF) for trade-related assistance to LDCs and endorsed the IF as a viable instrument for LDCs’ trade development. This echoed the BPOA’s calls for effective and expeditious implementation of the IF and for LDCs to strengthen their efforts to integrate trade into national development policies while encouraging development partners to make additional contributions to the IF Trust Fund.

At the Hong Kong Ministerial Conference in 2005, WTO members endorsed enhancement of the IF through the provision of increased predictable funding on a multi-year basis and by strengthening the IF in beneficiary



countries. They also called for more effective follow-up to LDCs' Diagnostic Trade Integration Studies (DTISs) and implementation of their identified trade priorities in need of support. They further agreed to enhance the IF by achieving greater and more effective coordination among donors and IF stakeholders, including beneficiaries and by improving the IF decision-making and management structure to ensure an effective and timely delivery of increased financial resources and programmes. The Enhanced Integrated Framework (EIF) became operational in July 2009 once the first projects submitted for funding out of the new EIF Trust Fund were approved. All beneficiaries of the IF are automatically beneficiaries of the EIF.

An important part of the EIF process is preparing a DTIS to highlight constraints to overall competitiveness and supply chains and to identify sectors of greatest export potential. The DTIS includes an Action Matrix – a list of trade priorities – for better LDC integration into the global trading system as well as an implementation strategy. Integrating the trade priorities into the Poverty Reduction Strategy Papers (PRSP) or other national development plans feeds them into the LDCs' dialogue with their donors, which in turn facilitates generating the bulk of necessary funding (Aid for Trade). Over the past decade, funding levels have risen significantly as EIF partners have shown greater levels of commitment.

To assist the LDCs in using the EIF to the full, an Executive Secretariat has been established, led by an Executive Director (Mrs Dorothy Tembo, who assumed office in October 2008). This Secretariat is housed within the

WTO but answers to a Board of representatives from all the EIF constituencies, including the LDCs, donors and the six founding agencies: IMF, International Trade Centre, UNCTAD, UNDP, World Bank and the WTO, with the United Nations Industrial Development Organization as observer. The United Nations Office for Project Services (UNOPS) acts as the EIF's Trust Fund manager.

Collaboration is also under way between the EIF and other strategic partners, including the Common Market for Eastern and Southern Africa, the African Development Bank, the Trade Facilitation Facility, the Standards and Trade Development Facility (see page 10) and TradeMark Southern Africa.

An important element of the EIF is its Monitoring and Evaluation Framework. This aims to promote accountability by monitoring and evaluating the EIF activities, processes, outputs and the performance of all the partners in the EIF. In addition, it provides EIF partners with feedback on results and lessons learnt so that this information can be used as a basis for future decision-making and project management.

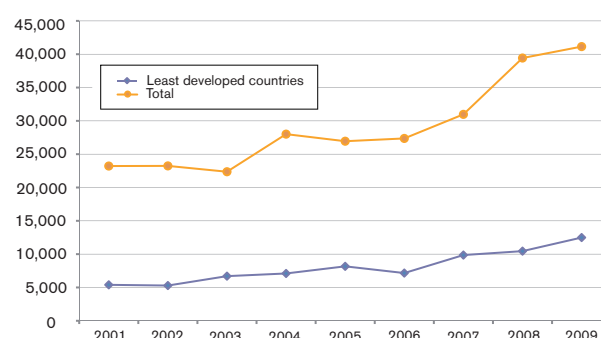
There are good indications that the EIF is attaining its objectives. Most LDCs use the EIF to mainstream trade into their national development strategies and to coordinate their entire national trade agendas. The DTIS is being used as a platform to reflect government trade strategies and to generate Aid for Trade funds over and above those available from the EIF Trust Fund.

## Aid for Trade

The Aid for Trade initiative, launched by WTO ministers at the Hong Kong Ministerial Conference in 2005, aims to help LDCs develop their supply-side capacity and trade-related infrastructure. It therefore supports the BPOA call to integrate LDCs better into the global economy

**Figure 4: Aid for Trade for LDCs, 2001-2009**

Official development assistance (ODA) commitments: US million dollars (2008 constants)

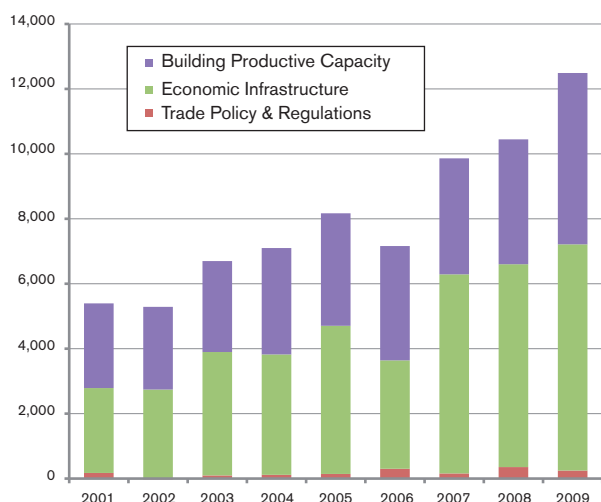


Source: OECD



**Figure 5: Aid for Trade to LDCs by category, 2001-2009**

ODA commitments: US million dollars (2008 constants)



Source: OECD

by providing financial, technical and other forms of assistance to increase trade flows from LDCs.

The WTO uses its convening power and monitoring functions to mobilise Aid for Trade financing, highlight the needs of its members and observers, and showcase effective implementation. The initiative has raised awareness about the support LDCs need to overcome the barriers that constrain their ability to benefit from trade expansion.

Aid for Trade flows have grown strongly by over 60 per cent, since the launch of the initiative in 2005. The total amount of Aid for Trade funding provided totalled over US\$ 41 billion in 2009. LDCs have benefited from much of this increase, receiving US\$ 12 billion in 2009, or 30 per cent of total funding.

In their meetings in 2008 and 2009, LDC trade ministers called on development partners to provide additional and predictable resources, over and above those provided under the EIF Trust Fund, to Aid for Trade. They also reiterated the need to move from commitment to implementation.

The effectiveness of Aid for Trade is the central theme of the Third Global Review, which is scheduled for July 2011, and the focus of which will be on outcomes and

impact. In preparation of the Review, over 260 case stories on Aid for Trade have been tabled. A total of 65 of these concern specific LDCs and a further 56 cover LDCs as part of regional or global programmes. In addition, 31 questionnaires have been completed by LDCs. These case stories plus information from the questionnaire will provide a solid foundation for the 2011 Global Review.

The Aid for Trade initiative is maturing. Coordination and delivery mechanisms are providing Aid for Trade more effectively. Partner countries, including LDCs, are mainstreaming trade into their national and regional development strategies. Greater emphasis is being attached to implementing Aid for Trade projects and activities are now being carried out on the basis of a work programme (2010-2011).

### Standards and Trade Development Facility

The Standards and Trade Development facility (STDF) responds directly to an LDC concern, also expressed in the BPOA, about their lack of capacity in sanitary and phytosanitary standards and quality control. LDC concerns include their inability to meet standards, their lack of infrastructure to ensure quality control and conformity with international standards, and their lack of participation in international standard-setting organizations.

The STDF, formally established in August 2002, is a global programme in sanitary and phytosanitary (SPS) capacity building and technical cooperation established by the Food and Agriculture Organization of the United Nations (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO.

The main objective is to help developing countries, especially LDCs, enhance their expertise and capacity to analyse and implement international SPS standards, improve their human, animal and plant health situation and hence their ability to increase market access. The STDF provides project preparation grants and supports projects in developing countries, in particular in LDCs and other low-income economies. Some 40 per cent of the STDF's resources are devoted to LDCs and low-income countries.



## Conclusion

Addressing the needs of LDCs in international trade is central to the work of the WTO. The organization plays an active role in helping LDCs benefit from world trade and achieve better integration into the global economy.

The Fourth UN Conference on LDCs in May 2011 is expected to build on the commitments made by the international community a decade ago for a strengthened rules-based multilateral trading system that can advance LDC trade, accelerate economic development and alleviate poverty in these countries.

The WTO has contributed significantly to achieving the goals of the Brussels Programme of Action over the past decade. This has been achieved through progress in the Doha Round negotiations, through the regular work of the organization and in particular by implementing the WTO Work Programme for LDCs. Also, the WTO's technical assistance activities have given LDCs special priority.

Over the past ten years, LDCs have seen their share in world merchandise trade gradually improve. Market access opportunities for LDCs have also significantly improved, with their trading partners in the developed world adopting or improving preferential schemes and helping LDC products attain duty-free quota-free market access. Developing countries have also extended their cooperation with LDCs, adopting improved market access schemes for them. At the same time, LDCs have benefited from flexibilities in implementing multilateral trade rules that have helped them pursue economic and trade policies conducive to their development.

The past decade has also witnessed the emergence of an active LDC Group in the WTO. Formed in 2001, the LDC Consultative Group has become a strong participant in the decision-making process of the organization. The group also plays a key role in preparing the LDC trade ministers meetings, reflecting the growing capacity of the LDCs to participate effectively in the multilateral trading system.

While the Doha Round negotiations have yet to be concluded, WTO members have agreed to a number of flexibilities for LDCs that will help them benefit from trade and realise their development objectives.

The LDCs are exempted from making any tariff reduction commitments in the goods negotiations, and are not expected to undertake any new commitments in the services negotiations. In other areas of negotiation, for example trade facilitation, LDCs are only expected to assume obligations consistent with their individual development needs. This approach is intended to allow the LDCs to pursue trade and other economic policies that will assist their development.

Since the launch of the Doha Round, the WTO Secretariat has increased its institutional support to LDCs, including establishing a dedicated LDC Unit in 2003 while providing LDCs with more targeted technical assistance and capacity-building. The WTO Secretariat has also increased its cooperation with other partner institutions to help build supply-side capacity and trade-related infrastructure in the LDCs. The Aid for Trade initiative, which was launched to help developing countries and LDCs leverage funding to benefit from market opening, is growing in significance. The EIF, which allows LDCs to access Aid for Trade funding, complementing resources available in the EIF Trust Fund, is helping LDCs mainstream trade into their national development plans and address their trade capacity-building needs.

Despite significant progress, LDCs are not yet fully integrated into the global economy. Most of them continue to rely on a limited range of export products and on a limited number of markets. Improvements to the trade performances of the LDCs are due to a combination of domestic and external factors. To maintain this momentum, concerted efforts by the international community remain important.

An expeditious conclusion of the Doha Round is essential to consolidate the progress made so far in the negotiations, including on issues of interest to the LDCs. The end of trade-distorting policies in agriculture, improved and predictable market access for all LDC products and services, and simplified procedures for trade transactions can only be fully realised by concluding the Doha Round. The momentum created by concluding the Doha Round would play a vital role in rallying international support for mechanisms to assist LDCs in overcoming their production and supply bottlenecks.

## Least-developed countries (LDCs)

Afghanistan <sup>2</sup>	Madagascar <sup>1</sup>
Angola <sup>1</sup>	Malawi <sup>1</sup>
Bangladesh <sup>1</sup>	Mali <sup>1</sup>
Benin <sup>1</sup>	Mauritania <sup>1</sup>
Bhutan <sup>2</sup>	Mozambique <sup>1</sup>
Burkina Faso <sup>1</sup>	Myanmar <sup>1</sup>
Burundi <sup>1</sup>	Nepal <sup>1</sup>
Cambodia <sup>1</sup>	Niger <sup>1</sup>
Central African Republic <sup>1</sup>	Rwanda <sup>1</sup>
Chad <sup>1</sup>	Samoa <sup>2</sup>
Comoros <sup>2</sup>	Sao Tomé and Príncipe <sup>2</sup>
Democratic Republic of the Congo <sup>1</sup>	Senegal <sup>1</sup>
Djibouti <sup>1</sup>	Sierra Leone <sup>1</sup>
Equatorial Guinea <sup>2</sup>	Solomon Islands <sup>1</sup>
Eritrea	Somalia
Ethiopia <sup>2</sup>	Sudan
The Gambia <sup>1</sup>	Timor-Leste
Guinea <sup>1</sup>	Togo <sup>1</sup>
Guinea Bissau <sup>1</sup>	Tuvalu
Haiti <sup>1</sup>	Uganda <sup>1</sup>
Kiribati	Tanzania <sup>1</sup>
Lao People's Democratic Republic <sup>2</sup>	Vanuatu <sup>2</sup>
Lesotho <sup>1</sup>	Yemen <sup>2</sup>
Republic of Liberia <sup>2</sup>	Zambia <sup>1</sup>

<sup>1</sup> WTO member

<sup>2</sup> WTO observer

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