The IPoA and the WTO
An important objective of the Istanbul Programme of Action (IPoA) is to help LDCs overcome their structural challenges, thereby enabling half the number of LDCs to meet the criteria for graduation by 2020. Trade is one of the eight priority areas for action identified in the IPoA.

The importance of trade for development is also reflected in the 2030 Agenda for Sustainable Development where trade is seen as an essential means of implementation for attaining the Sustainable Development Goals (SDGs).

The IPoA has set the goal to double the share of LDCs in global exports by 2020, including by broadening LDCs’ export base. Between 2010 and 2015, annual growth of LDC merchandise and services exports was 6.1% and 11.9%, respectively. Since LDC exports are concentrated in primary commodities, they were hit hard by the recent decline in prices of primary commodities. The value of LDC merchandise exports decreased by 25% in 2015, while world merchandise exports fell by 13.5%. The LDC share in world merchandise exports fell to slightly below 1% in 2015, and their merchandise trade deficit has widened to US$130 billion. While there has been continued growth in LDC services trade, the share of LDCs in world services exports remained static at 0.8% in 2015. These trends remain a concern since LDCs are somewhat distant from the IPoA goal of doubling their share in global exports to 2% by 2020.

A number of actions foreseen in the IPoA relate to the work undertaken at the WTO. Since the adoption of the IPoA, three WTO Ministerial Conferences have been held. All of these Conferences have taken important decisions in favour of LDCs. In addition, WTO Members have undertaken numerous measures which contribute to achieving the trade-related goals of the IPoA.

Ministerial Conferences and key decisions taken in favour of LDCs

Geneva, 15-17 December 2011
- Preferential Treatment to Services and Service Suppliers of LDCs (WT/L/847)

Bali, 3-6 December 2013
- Preferential Rules of Origin for LDCs (WT/L/917)
- Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of LDCs (WT/L/918)
- Duty-Free and Quota-Free Market Access for LDCs (WT/L/919)

Nairobi, 15-19 December 2015
- Preferential Rules of Origin for LDCs (WT/L/917/Add.1)
- Implementation of Preferential Treatment in Favour of Services and Service Suppliers of LDCs and Increasing LDC Participation in Services Trade (WT/L/982)
The Sub-Committee on LDCs “the dedicated body in the WTO to review systemic issues of interest to LDCs in the multilateral trading system (MTS)” monitors the mainstreaming of the trade-related elements of the IPoA into WTO's work insofar as they relate to the competence of the WTO.

Progress made at the WTO

Most of the trade areas where the international community has called for actions through the IPoA to help LDCs improve their participation in world trade are addressed in the WTO.

For instance, WTO Members have adopted concrete decisions in areas such as duty-free and quota-free market (DFQF) market access, preferential rules of origin, LDC accessions, special and differential treatment as well as undertaken trade-related technical assistance and capacity-building support for LDCs. There has been incremental progress in all these areas for the benefit of the LDCs and they remain under continuous focus in the work of the WTO.

The LDC package adopted at the Ninth WTO Ministerial Conference in Bali in 2013 included decisions that advanced the implementation of DFQF market access for LDC products. This Ministerial also adopted multilateral guidelines for preferential rules of origin “the first of its kind” to facilitate the utilization of preferences by LDCs granted under preference schemes. Today, nearly all developed Members of the WTO provide close to full DFQF market access to LDC products. Furthermore, a number of important developing country trading partners of LDCs grant a significant degree of DFQF market access to LDCs and some of them even have reached comprehensive coverage.

At the Tenth WTO Ministerial Conference in Nairobi in 2015, further progress was made on the issue of preferential rules of origin as WTO Members adopted a set of provisions with a view to further improving preferential rules of origin applicable to imports from LDCs. Progress in DFQF market access for LDC products as well as progress relating to preferential rules of origin are annually reviewed in the WTO offering opportunities for LDCs to advance their interests in these areas.

Facilitating market access for LDC services and service suppliers has also received priority attention in the WTO. The WTO Ministerial Conference in 2011 – held six months after the adoption of the IPoA – marked an important step by adopting the so called LDC Services Waiver, essentially allowing Members to offer preferential treatment to LDC services and service suppliers. At the 2013 Bali Ministerial Conference, Members gave further impetus towards promoting the operationalization of the Waiver, thus encouraging Members to undertake measures in favour of LDC services exports. At the 2015 Nairobi Ministerial Conference, Members extended the life span of the Waiver until 31 December 2030 and set up a review process to monitor the operation of preferences notified to the WTO. These decisions have created a momentum, and so far 23 WTO Members have notified services preferences for LDCs which are being followed-up in the WTO.

It is worth noting that two specific cotton decisions were adopted by Members at the last two Ministerial Conferences. In the cotton decision of the 2013 Bali Ministerial Conference, Members committed to continued engagement in the WTO Director-General’s Consultative Framework Mechanism on Cotton as well as to dedicated discussions on trade-related developments on cotton twice a year. At the 2015 Nairobi Ministerial Conference, Members took this agenda a step further with provisions relating to DFQF market access and to work towards the objective of reducing domestic subsidies for cotton production.

One of the significant achievements of the MTS was the adoption of the WTO Trade Facilitation Agreement (TFA) at the 2013 Bali Ministerial Conference. Once the Agreement enters into force, following ratification by two thirds of WTO Members, it will be the first multilateral agreement created under the aegis of the WTO. The implementation of the TFA will make customs procedures more efficient and thereby help developing countries including LDCs to reduce their trade costs and increase their participation in global trade. The TFA also takes a novel approach regarding S&D treatment providing LDCs with flexibility in determining the timing of the implementation of the provisions of the Agreement. It also allows them to identify provision for which they will need technical assistance and support for capacity building.

The 2015 Nairobi Ministerial Conference WTO also delivered an important outcome in the area of international trade rules on agriculture. The elimination of agricultural export subsidies is particularly significant in improving the global trading environment. This is an area which has been highlighted in the IPoA – and the Nairobi Decision will level the playing field in agriculture markets, to the benefit of farmers and exporters in developing countries and LDCs.

In addition to these developments, there has been concrete progress in the WTO in some other areas that also feature in the IPoA. Trade-Related Aspects of Intellectual Property Rights...
(TRIPS) include issues of vital importance to LDCs, such as public health and technology transfer, which are reflected in both the IPoA and in the work carried out at the WTO. In 2013, the TRIPS Council extended a general transition period that allows LDCs to delay the implementation of the provisions of the TRIPS Agreement until July 2021. In addition, in November 2015 the TRIPS Council extended a transition period for pharmaceutical products until 1 January 2033, essentially exempting LDCs from providing patent protection for pharmaceutical products. Regarding technology transfer, annual reviews are conducted based on reports from developed country Members, and annual workshops are regularly organized by the Secretariat to foster the dialogue between LDC beneficiaries and donors on technology transfer.

Since the adoption of the IPoA, WTO Members have undertaken further efforts to facilitate and accelerate LDC accessions to the WTO. Pursuant to a decision taken at the 2011 Geneva Ministerial Conference, WTO Members adopted a set of new LDC accession guidelines in 2012 in order to strengthen, streamline and operationalize the 2002 guidelines. The new guidelines introduced specific flexibilities for acceding LDCs, including by establishing benchmarks on market access negotiations on goods and services, and by including provisions relating to transparency in accession, special and differential treatment and transition periods. Since 2011, six LDCs have successfully concluded their accession to the WTO. Once Afghanistan and Liberia have officially joined the WTO, 36 out of 48 LDCs will be Members of the WTO.

**Completed LDC accessions:**
- Samoa (2012)*
- Vanuatu (2012)
- Lao PDR (2013)
- Yemen (2014)
- Afghanistan (2016)**
- Liberia (2016)**

**LDCs in accession process:**
- Bhutan
- Comoros
- Equatorial Guinea
- Ethiopia
- Sao Tome and Principe
- Sudan

*Samoa graduated in 2014. **Domestic ratification of accession protocol is expected to be completed in 2016.

The IPoA lays out a number of actions to be undertaken by development partners to help LDCs build their human, institutional and productive capacities. For instance, it calls upon development partners to implement effective trade-related technical assistance (TRTA) and capacity building to LDCs on a priority basis, including by enhancing the share of assistance to LDCs for Aid for Trade and support for the Enhanced Integrated Framework (EIF).

LDCs are accorded special priority in the delivery of WTO’s TRTA activities. LDCs are, on average, associated with more than 40% of TRTA activities. Various training courses have been tailored to the LDCs’ needs such as three-week introduction courses and thematic courses for LDCs. Furthermore, LDCs are major beneficiaries of trainee and internship programmes of the WTO.

The Aid-for-Trade Initiative has continued to gain relevance to help developing countries, in particular LDCs, to build their trade-related infrastructure and supply-side capacity. The 2015 Nairobi Declaration recognized the continuous need for this Initiative and asked Members to accord priority to the LDCs’ needs. Since 2011, three Global Reviews of Aid for Trade have been organized, which provide a platform for the trade and development communities to dialogue on Aid for Trade, to monitor its progress and to evaluate its impact on the ground. The LDCs have been a primary focus of these discussions. The share of LDCs in global Aid-for-Trade flows has revolved around 25% in recent years.

The EIF is widely regarded as Aid-for-Trade partnership in action for the LDCs and has been providing financial and technical support to build trade policy and institutional capacity in the LDCs, together with the ability to coordinate and leverage additional Aid-for-Trade resources. Both the UN and WTO community recognize the contribution of the EIF in mainstreaming trade in development strategies of LDCs and building their trade capacity. At the beginning of 2016, the EIF has entered its second phase (2016-2022). All LDCs, as well as a few recently graduated LDCs, are currently benefitting from the programme, supported by a multi-donor trust fund.

**Remaining challenges and graduation**

An appraisal of developments made on LDC issues over the past five years clearly indicate that substantial progress has been made to help LDCs integrate into the global trading system. Nevertheless, challenges remain. Ongoing work in WTO therefore needs to progress in a number of areas. More efforts are needed to enhance LDCs’ goods and services exports. There is scope for further improvement of DFQF market access for LDC products. Utilization of preferences accorded to LDCs can be further improved with more attention to rules of origin criteria associated with such preferences. Continued efforts and measures are required from Members towards facilitating market access in services for LDCs.

There has not been any significant improvement in the productive capacity in LDCs, and trade costs in many LDCs deny the full potential of preferences
accorded to them. Enhancing the integration of LDCs into the global economy will therefore involve initiatives over a broad front and require addressing both the exogenous as well as the endogenous constraints faced by the LDCs.

The progress achieved at the WTO provides important support to LDCs on their economic growth path and consequently towards graduation. While graduation from the LDC category reflects a milestone in a country’s development and opens up new opportunities, it also brings new challenges of coping in an environment without the LDC-specific flexibilities enjoyed earlier. The IPoA calls on graduating countries to take the lead in the development of smooth transition strategies with the support of their development and trading partners. It is a shared view that graduating LDCs should be assisted in all possible ways so that they do not falter on the steady levels of growth which have qualified them for graduation. Special arrangements can be negotiated with Members in the WTO if any graduating LDC requires additional time to integrate in any specific area.

Questions to be discussed

In view of the above context, the WTO side-event will discuss the key decisions taken in favour of LDCs at recently held WTO Ministerial Conferences, as well as progress made by WTO Members in the implementation of those decisions. An account will also be taken as to how the progress in the WTO has helped implement the trade-related elements of the IPoA. Looking forward, the discussion will highlight the areas where further progress is required to help LDCs meet the goals set out in the IPoA. The event will also discuss what the WTO can do to help smooth the transition of countries graduating from LDC status.

- How do you think the decisions taken in the WTO over the past five years contribute to the achievement of the goals and targets of the IPoA? What gaps need to be addressed to further attain those objectives?
- What should be the priorities of LDCs in future negotiations at the WTO? Which are of particular interest to the LDCs?
- What trade policy measures need to be taken to support LDCs to better integrate into the MTS?
- What should be the priorities of TRTA and capacity building for LDCs? In which areas is Aid for Trade most needed? How can the EIF process help LDCs leverage additional Aid-for-Trade resources?
- What can the WTO and its Members do to smoothen the transition of graduating LDCs? How can concerns regarding preferential market access and LDC-specific flexibilities be dealt with for a graduating LDC?

Moderator:
Mr. Shishir Priyadarshi, Director, Development Division, WTO

Panellists:
- H.E. Mr. Eloi Laourou, Ambassador and Permanent Representative of Benin to the WTO and Coordinator of the LDC Group in the WTO
- H.E. Mr. Shameem Ahsan, Ambassador and Permanent Representative of Bangladesh to the WTO and Coordinator of the LDC Group in the UNCTAD
- H.E. Mrs. Yvette Stevens, Ambassador and Permanent Representative of Sierra Leone to the WTO and Chairperson of the Enhanced Integrated Framework (EIF) Board
- Mr. Rashid S. Kaukab, Executive Director, Consumer Unity & Trust Society (CUTS) International, Geneva
- Mr. Neil Balchin, Research Officer, Overseas Development Institute, United Kingdom