



Sub-Committee on Least Developed Countries

**WTO AND LEAST DEVELOPED COUNTRIES: TWENTY YEARS OF SUPPORTING THE
INTEGRATION OF LEAST DEVELOPED COUNTRIES INTO THE MULTILATERAL TRADING
SYSTEM**

NOTE BY THE SECRETARIAT¹

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¹ This document has been prepared by the Secretariat for WTO's 20th Anniversary Event for the LDCs. It has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

1 INTRODUCTION

1.1. Of the 48 countries designated by the United Nations (UN) as Least Developed Countries (LDCs), 34 are World Trade Organization (WTO) Members and a further eight are in the process of acceding to the WTO.² The LDC WTO Members account for more than one fifth of the WTO Membership and therefore represent an important constituency in the WTO.

1.2. Considerable progress has been made in integrating LDCs into the multilateral trading system (MTS) over the last 20 years. The establishment of the WTO has supported LDCs to become more active players in the system, resulting in provisions aimed at increasing the trade opportunities for these countries. As a result, the participation of LDCs in global trade has seen gradual improvement over the last 20 years. LDCs increased their share in world trade of goods and services from 0.59% in 1995, to 0.80% in 2005, to 1.23% in 2013.

1.3. The increased trade opportunities have also been complemented by enhanced flexibilities for LDCs in implementing WTO rules and disciplines as well as in undertaking commitments. Members have shown willingness to respond to concerns and needs of LDCs to beneficially integrate them into the MTS. The special situation of LDCs and its commensurate recognition in the negotiations has thus been one of the defining features of the MTS; and special provisions are continually being introduced to assist LDCs in their development efforts.

1.4. This Secretariat Note has been written as part of WTO's 20th Anniversary Event dedicated to LDCs titled "Twenty Years of Supporting the Integration of Least Developed Countries into the Multilateral Trading System" scheduled for 12 October 2015. This study traces the 20-year relationship between the WTO and LDCs, in particular the key developments and decisions taken in favour of LDCs, the institutional support provided and the trade capacity-building initiatives put in place.

1.5. This Note focuses on the measures taken in favour of LDCs following the establishment of the WTO, though the evolution of the MTS has seen special consideration for LDCs, even prior to the establishment of the WTO in 1995. The importance of development in the MTS advanced in 1964 when a dedicated chapter on trade and development was added to the GATT as Part IV, which spelled out the principle of non-reciprocity in the MTS. The principle of non-reciprocity, and Part IV more generally, created a stronger basis for developing countries to seek flexibilities in trade negotiations and special action with respect to their trade interests.

1.6. One of the key achievements of the GATT period was the adoption of the "Enabling Clause" during the Tokyo Round in 1979. This decision, titled "Differential and More Favourable Treatment Reciprocity and Fuller Participation of Developing Countries", made a first mention of LDCs in a legal instrument under the GATT period. The Enabling Clause formed an important basis of subsequent special and differential treatment (S&D) for developing countries in the MTS. It, *inter alia*, facilitated specific preferences for LDCs among developing countries.

1.7. Following the Introduction, Section 2 illustrates how LDC issues were included in the Uruguay Round and the WTO Agreements. Section 3 assesses the period between the establishment of the WTO and the start of the Doha Round. Section 4 covers a number of LDC issues in the context of the Doha Round up to the Bali Ministerial Conference in 2013. Section 5 discusses the LDC elements of the Bali package. Section 6 explains the institutional support provided and capacity-building initiatives taken in favour of LDCs. Section 7 summarizes the main developments over the past 20 years and points to remaining challenges for LDCs to better integrate into the MTS.

2 THE URUGUAY ROUND AND THE WTO AGREEMENTS

2.1. The Uruguay Round (1986-1994) expanded the scope of multilateral trade rules and at the same time strengthened the development component of the MTS. The preamble to the Marrakesh Agreement Establishing the WTO further recognized the need for positive efforts to ensure that developing countries and especially LDCs secured a share in the growth of international trade that

² The Annex provides a list of the LDCs and their respective WTO membership or accession status.

is commensurate with the needs of their economic development. By the end of 1994, 30 LDCs had joined the GATT and after signing the new WTO agreements, became Members of the WTO.³

2.2. The outcome of the Uruguay Round of negotiations has seen greater flexibility for LDCs in the application of rules and disciplines of the MTS. While the provisions of the WTO Agreements for differential and more favourable treatment of developing country Members are all applicable to LDCs, many S&D provisions contain additional benefits for LDCs. In fact, one of the central features of the WTO Agreements has been the specific treatment of LDCs in view of their special needs.

2.1 Special and Differential Treatment for LDCs in the WTO Agreements

2.3. The WTO Agreements contain some 129 S&D provisions, several of which make explicit reference to LDCs or provide LDCs with more favourable treatment.⁴ Additional S&D provisions for LDCs are contained in decisions and declarations that have been adopted during the Uruguay Round as well as since the establishment of the WTO.

2.4. The LDCs have received favourable treatment over and above other developing countries in almost all broad types of S&D provisions classified in WTO Agreements, namely, provisions that relate to: (i) increasing the trade opportunities of developing Members; (ii) safeguarding the interests of developing Members; (iii) flexibilities regarding commitments, actions and policy instruments; (iv) transitional time-periods; and (v) technical assistance.

2.5. One example of provisions aimed at increasing trade opportunities of LDCs can be found in the GATS. Explicit reference to LDCs is made in Article IV.3 in the GATS, which asks developed Members to give special priority to LDCs, *inter alia*, in the liberalization of market access in sectors and modes of supply of export interest to them, through negotiated specific commitments. Article IV provided an useful basis for the subsequent adoption of a services waiver in 2011, allowing WTO Members to grant preferential treatment to services and service suppliers from LDC Members.⁵

2.6. Some provisions that require Members to safeguard the interests of developing Members specifically apply to LDCs. For example, Article 3.5(j) of the Agreement on Import Licensing asks Members to give special consideration to importers of products from LDCs when allocating non-automatic import licences. According to Article 24.1 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), particular consideration shall be given to the special situation of LDCs in all stages of a dispute involving an LDC and Members shall exercise due restraint in raising matters involving an LDC.

2.7. A number of S&D provisions grant LDCs flexibility with respect to commitments, actions and the use of policy instruments. For example, Article 15.2 of the Agreement on Agriculture exempts LDCs from undertaking reduction commitments in agricultural market access, domestic support or export subsidies. In fact, during the Uruguay Round while the developing countries were subject to undertake tariff reduction commitments, LDCs were not required to do so. And many LDCs have bound their agricultural tariff lines at ceiling levels. Another example of concrete flexibility can be found in Article 27.2 of the Subsidies and Countervailing Measures (SCM) Agreement which, in conjunction with paragraph (a) of its Annex VII, exempts LDCs from the prohibition of export subsidies. More importantly, this exemption is generally not time bound.

2.8. LDCs have benefitted from a number of transitional time-periods to implement WTO Agreements, some of which were LDC-specific or longer compared to the ones granted to other developing Members. For instance, Article 27.3 of the SCM Agreement allowed LDCs to continue using local content subsidies for a period of eight years as compared to five years in the case of

³ Out of these 30 LDCs, 21 LDCs became WTO Members in 1995, while eight LDCs joined in 1996 and one LDC joined in 1997. These numbers include the Maldives, which graduated from LDC status in 2011. Botswana was also among the founding Members of the WTO, but it had already graduated from LDC status in 1994.

⁴ The Secretariat Note WT/COMTD/W/196 provides an overview of S&D provisions in WTO Agreements and Decisions.

⁵ WT/L/847.

other developing Members. While transition periods in a number of WTO Agreements have expired, Members have demonstrated flexibility and granted several extensions in some areas to implement WTO rules and disciplines. For instance, Article 66.1 of the TRIPS Agreement provided LDCs with an initial 11-year transition period for the implementation of the TRIPS Agreement, with possibility for future extensions. Section 4.8 further explains that this transition period has been extended twice by Members.

2.9. The WTO Agreements also contain a number of S&D provisions that relate to technical assistance. For instance, Article 11 of the Technical Barriers to Trade (TBT) Agreement calls upon Members to give priority to the needs of LDCs when providing advice and technical assistance with respect to issues covered by the Agreement.

2.2 The Decision on Measures in Favour of LDCs

2.10. The Decision on Measures in Favour of LDCs, adopted in 1993 as part of the Uruguay Round Package, has been instrumental in the integration of LDCs into the MTS and has served as a reference for subsequent instruments and decisions with respect to market access, flexibilities in the implementation of WTO rules and technical assistance for LDCs.

2.11. Amongst others, the decision reiterated that LDCs would only be required to undertake commitments "consistent with their individual development, financial and trade needs, or their administrative and institutional capabilities". Furthermore, LDCs were given the additional time of one year to submit their schedules as required by Article XI of the Marrakesh Agreement Establishing the WTO. The Decision also recognized the specific needs of LDCs in the area of market access, and that "continued preferential access remains an essential means for improving the trading opportunities". The decision further called for substantially increased technical assistance for LDCs. Finally, Members agreed to "keep under review the specific needs of the least-developed countries and to continue to seek the adoption of positive measures which facilitate the expansion of trading opportunities in favour of these countries".

3 FROM THE CREATION OF THE WTO TO DOHA (1995-2001)

3.1. Following the establishment of the WTO in 1995, the implementation of the WTO Agreements became the focus of the WTO's work and the integration of LDCs into the MTS remained a priority for Members. At the First WTO Ministerial Conference in Singapore in 1996, Ministers agreed on a Plan of Action for LDCs as well as to organize a high-level meeting with UNCTAD, the International Trade Centre (ITC) and other agencies in 1997 to foster an integrated approach to assist LDCs enhance their trading opportunities.

3.2. The Comprehensive and Integrated WTO Plan of Action for LDCs was adopted at the Singapore Ministerial Conference on 13 December 1996.⁶ It included measures to implement the "Decision on Measures in Favour of LDCs" and measures in the areas of market access and capacity building.

3.3. The Plan of Action suggested measures that could help to effectively implement the "Decision on Measures in Favour of LDCs", including: (i) strengthened efforts of Members to improve the capacity of LDCs to meet their notification obligations; (ii) a biennial review in the Committee on Trade and Development (CTD) on the implementation of measures in favour of LDCs⁷; and (iii) WTO Bodies that can identify means to assist LDCs in implementing their WTO commitments.

3.4. With respect to market access, the Plan of Action suggested that developed and developing Members, on an autonomous basis, would explore possibilities of granting preferential duty-free access for LDC exports. This option of granting duty-free access on an autonomous basis was also explicitly referred to in the Singapore Ministerial Declaration. Hence, the Plan of Action constituted an important step towards advancing duty-free quota-free (DFQF) market access for LDC products.

⁶ WT/MIN(96)/14.

⁷ Biennial reviews were not mandatory according to the Plan of Action for LDCs. Even though no such dedicated review has been carried out by the CTD, the LDC issues mentioned in the Decision on Measures in Favour of LDCs were part of broader reviews with respect to technical assistance or S&D.

3.5. With respect to capacity building, the Plan of Action envisaged a closer cooperation and division of labour between the WTO and other multilateral agencies, which was to be implemented through a high-level meeting of LDCs in 1997.

3.6. The High-Level Meeting on Integrated Initiatives for LDCs' Trade Development was organized jointly by the WTO and other international organizations on 27-28 October in 1997. The meeting initiated the establishment of the Integrated Framework (IF) through six international organizations: WTO, UNCTAD, ITC, IMF, UNDP and World Bank.⁸ The IF was designed as a collaborative technical-assistance programme to address the specific needs of LDCs to help them enhance their trading opportunities. In addition to endorsing the establishment of the IF, Members also reported on preferential market access initiatives that they provided autonomously to LDCs.⁹

3.7. At the Second WTO Ministerial Conference in Geneva in May 1998, Members renewed their commitment to ensure that the benefits of the MTS were extended as widely as possible, taking into particular consideration LDCs.¹⁰ Ministers furthermore committed to improve market access for LDCs "on as broad and liberal a basis as possible" and called on Members to implement market access commitments undertaken at the high-level meeting in 1997.

3.8. In 1999, an important step was made in the MTS as Members agreed to a waiver allowing developing Members to provide preferential tariff treatment to products of LDCs. This waiver initially granted for a period of ten years has been extended until 30 June 2019.¹¹

4 FROM DOHA TO BALI (2001-2013)

4.1. The Doha Round, commonly known as Doha Development Agenda (DDA), was launched at the Fourth WTO Ministerial Conference in Doha in 2001. Members recognized the "particular vulnerability" of LDCs and committed to address their marginalization in international trade and to improve their effective participation in the MTS.¹² The Doha Declaration further set out a work programme which allowed for special consideration of LDCs.

4.2. Pending the full conclusion of the Doha Round, significant progress has been achieved on a number of LDC issues, which is enumerated in more detail below. Since there has not been commensurate progress in all areas of negotiations, discussion in this section includes progress in selected areas while recognizing the fact that issues of interest to LDCs are being addressed in all areas of negotiations.

4.1 Special and Differential Treatment

4.3. WTO Members reaffirmed in paragraph 44 of the Doha Declaration that all S&D provisions are an integral part of the WTO Agreements and agreed that these provisions should be "reviewed with a view to strengthening them and making them more effective, precise and operational". To this end, Ministers endorsed the creation of a Work Programme on S&D.

4.4. The Work Programme on S&D, a key area of the DDA negotiations, has seen concrete deliverables for LDCs. While general progress in the S&D negotiations has been limited, Members advanced on LDC-specific S&D provisions.

4.5. At the Hong Kong Ministerial Conference in 2005, Ministers agreed to five LDC Agreement-specific proposals, contained in Annex F of the Ministerial Declaration. The five adopted proposals fall on mainly three WTO legal instruments: (i) the Understanding in Respect of Waivers of Obligations under the GATT 1994; (ii) the Agreement on Trade Related Investment Measures; and (iii) the Decision on Measures in Favour of LDCs. The five proposals include an agreement to provide DFQF market access to products originating from LDCs which is described in Section 4.2.1.

⁸ WT/LDC/HL/1/Rev.1.

⁹ WT/LDC/HL/M/1.

¹⁰ WT/MIN(98)/DEC/1.

¹¹ WT/L/304 and WT/L/759.

¹² WT/MIN(01)/DEC/1.

4.6. It may be noted that during the course of the Doha Round, the proponents, including the LDCs, had tabled 88 Agreement-specific proposals, which have been the focus of work in the Special Session of the Committee on Trade and Development (CTD SS). Almost one quarter of these proposals related to S&D provisions which specifically related to LDC interests in the WTO.

4.7. Proposals by LDCs and other developing countries covered the following broad approaches: that best endeavour provisions be made mandatory; that there is adequate flexibility in the implementation of rules that enables them to pursue broader development objectives; that the provisions are interpreted and clarified in a manner that facilitates development processes and strategies; that certain transition arrangements in WTO Agreements be adequately extended so as to promote adjustment and development processes; that certain procedures deemed cumbersome such as on notifications and other processes, be simplified; and that there is predictability in the obligation to provide technical assistance.

4.8. As an integral part of S&D negotiations, developing countries also sought the development of an instrument to monitor the implementation of S&D provisions. In 2002, the General Council, following a recommendation by the CTD, agreed to establish a Monitoring Mechanism (MM) for S&D and instructed the CTD SS to elaborate the functions, structure and terms of reference of such a MM.¹³ The negotiations on the MM were concluded in 2013 when Ministers at the Bali Ministerial Conference adopted a decision to establish the MM (section 5.5).

4.2 Market Access

4.2.1 Duty-Free Quota-Free Market Access

4.9. Right from the First WTO Ministerial Conference in Singapore in 1996 and the High-Level Meeting on Integrated Initiatives for LDCs' Trade Development in 1997, Members have taken steps to provide preferential market access for LDC products. A number of developed countries announced improvements in their preferential market access schemes prior to the Doha Ministerial Conference. For example, the European Union (EU) adopted its "Everything But Arms" (EBA) initiative in 2001 to grant DFQF market access to LDC products.

4.10. At the Doha Ministerial Conference in 2001, Ministers committed to the objective of providing DFQF market access to LDC products, as well as to consider additional measures for progressive improvements in market access for LDCs. This provided further impetus towards enhanced DFQF access for LDC products.

4.11. Concrete progress was made prior to the Hong Kong Ministerial Conference in 2005, where developed Members, including Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, and developing Members, including Republic of Korea, Chinese Taipei and Turkey, either adopted DFQF schemes or improved upon their existing schemes.

4.12. The so called DFQF Decision contained in Annex F of the Hong Kong Ministerial Declaration, *inter alia*, stated that Members would provide DFQF market access for at least 97% of products originating from LDCs by 2008 or no later than the start of the implementation period. Developing countries were accorded flexibility with respect to coverage and phasing in of their DFQF schemes. The Decision also set out the notification procedure for the implementation of the schemes adopted in this regard, as well as provisions on preferential rules of origin and technical assistance. It may be noted that the timeline provided in the Hong Kong Decision gave Members the option to give effect to it at the start of the implementation period of the Doha Round.

4.13. Since the Hong Kong Decision, a number of developed Members have made efforts in providing enhanced DFQF access to LDC products. In 2007, Japan and Switzerland amended their respective GSP schemes resulting in the expansion of the DFQF coverage of LDC products. The full liberalization of the transition provisions for imports of rice and sugar, under the EU's EBA scheme was also completed in September 2009. The Russian Federation notified its GSP sub-scheme for LDCs in 2013.

¹³ TN/CTD/3 and WT/GC/M/75.

4.14. The United States, through the US African Growth and Opportunity Act (AGOA), provides preferential market access to eligible countries in Sub-Saharan Africa, including DFQF market access to LDCs. Similarly, the United States provides DFQF market access to Haiti through the Caribbean Basin Trade Partnership Act (CBTPA). The United States also maintains a GSP programme, which has recently extended its DFQF treatment to LDCs on a number of cotton tariff lines.

4.15. It may be noted that a number of developing Members have introduced DFQF schemes for LDCs over the last decade. For example, India and China adopted DFQF schemes for LDCs in 2008 and 2010, respectively, and gradually expanded their coverage. Chile and Thailand introduced their DFQF schemes for LDCs in 2014 and 2015, respectively. Several of these developing countries offer significant degree of DFQF market access for LDC products.

4.16. Since the Hong Kong Decision, the CTD has been conducting annual reviews of the steps taken by Members to provide DFQF market access to LDCs. Moreover, it is now a standing item on the CTD's agenda. In addition, market access issues are also examined by the Sub-Committee on LDCs, including on the basis of annual studies by the Secretariat.¹⁴

4.17. Members remain committed to further improving market access for LDCs. At the Bali Ministerial Conference in 2013, Members agreed to take further steps to provide enhanced DFQF market access to LDC products.

4.2.2 Preferential Rules of Origin

4.18. The DDA negotiations have also resulted in some tangible results for LDCs in the area of rules of origin associated with preferences – an issue that these countries have been pursuing particularly since the launch of these negotiations in 2001. LDCs have repeatedly called for simple and transparent rules of origin, as they consider that stringent rules of origin requirements negate the benefits of preferential market access.

4.19. The Doha Declaration invited Members to consider additional measures for progressive improvements in market access for LDCs. Progress was made at the 2005 Hong Kong Ministerial Conference, where Ministers addressed the demands of LDCs for liberal rules of origin by agreeing to "ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access" (Annex F of the Hong Kong Ministerial Declaration).

4.20. In order to initiate work on rules of origin, the LDC Group submitted a communication in 2006, which was revised on several occasions, with detailed suggestions for preferential rules of origin associated with preference schemes.¹⁵ One of the key demands of LDCs has been to secure a lower threshold of value addition, taking into account their level of development.

4.21. Taking into account the proposals made by LDCs, Ministers adopted multilateral guidelines for preferential rules of origin for LDCs at the Bali Ministerial Conference in December 2013.¹⁶ This Bali Decision and the most recent developments in the Committee on Rules of Origin are described in Section 5.

4.3 Agriculture Negotiations

4.22. The agriculture sector plays an important role in the economy of most LDCs, accounting for 24% of GDP and more than a third of employment in LDCs.¹⁷ A key negotiating priority has therefore been to support reform of agriculture rules including market access, domestic support and export competition.

¹⁴ The latest market access review is contained in document WT/COMTD/LDC/W/60.

¹⁵ See submissions by the LDC Group, TN/CTD/W/30 in 2006, TN/CTD/W/30/Rev.1 and TN/CTD/W/30/Rev.2 in 2011.

¹⁶ WT/L/917.

¹⁷ The Least Developed Countries Report 2014 – Growth with structural transformation: A post-2014 development agenda, 2014: http://unctad.org/en/PublicationsLibrary/ldc2014_en.pdf

4.23. Accomplishing the main objectives of the agriculture negotiations, i.e. substantial improvements in market access, phasing out of all forms of export subsidies and substantial reductions in trade-distorting domestic support would constitute a positive outcome for LDCs, which remain vulnerable to the effects of trade-distorting agricultural policies followed by other Members.

4.24. WTO Members have recognized the special needs of LDCs by providing them with specific flexibilities. Some flexibility for the LDCs was agreed through the Framework for Establishing Modalities in Agriculture contained in Annex A of the so-called July package in 2004.¹⁸ For example, paragraph 45 of the framework stipulated that LDCs are not required to undertake reduction commitments. The framework modalities also recognized the importance of long-standing preferences and the need to address the issue of preference erosion. These and other flexibilities were reflected in the 2008 Draft Modalities for Agriculture.¹⁹

4.25. The LDCs have a special interest in the negotiations with respect to food aid and rules on export credits. The agriculture negotiations have sought to ensure that disciplines developed in the area of food aid do not limit the role of bona fide international food aid. Provisions have been contemplated aimed to ensure that food aid does not have the effect of disrupting the domestic markets of recipient countries, or of displacing commercial exports of other countries, or of being used as a disguised means to circumvent export subsidy commitments. The disciplines would also allow LDC governments to play their due role in the food aid operations and would allow monetization of in-kind food aid under certain conditions on the territory of LDC Members. Members have also considered differential treatment for LDCs and net food-importing developing countries (NFIDCs) with respect to possible provisions on export credits.

4.3.1 Cotton

4.26. Cotton is another area of critical importance to a number of LDCs, constituting significant shares in GDP and export earnings particularly in Western and Central African countries. Cotton has become a priority in the work of the WTO following a proposal for a sectoral initiative on cotton by the so-called "cotton four" countries Benin, Burkina Faso, Chad and Mali as part of the agriculture negotiations in 2003.²⁰

4.27. Subsequently, in the General Council Decision of 1 August 2004, often referred to as July package, Members agreed to address the issue of cotton "ambitiously, expeditiously and specifically, within the agriculture negotiations".²¹ The General Council further decided to create a Sub-Committee on Cotton in 2004 to deal with all trade-distorting policies affecting the sector.

4.28. In the 2005 Hong Kong Ministerial Declaration, Ministers expressed their commitment to achieve a decision on cotton ambitiously, expeditiously and specifically covering the three pillars of market access, export subsidies and domestic support. For instance, Members agreed to reduce trade-distorting domestic subsidies for cotton production more ambitiously than under whatever general formula for domestic support reduction would be agreed on during the negotiations.

4.29. In the 2004 July package, Members also stressed the complementarity of the trade- and development-related aspects of cotton. As a result, in 2004, the Director-General initiated a Consultative Framework Mechanism on Cotton (DGCFMC) under which the DG consults with the development community on the mobilization of resources towards the development of economies in which cotton plays a vital role. In November 2005, the Evolving Table on Cotton (ET) was established to track and tally both the specific assistance and infrastructure-related assistance to the cotton sector. Over the years, the ET has become the reference monitoring tool in identifying cotton projects and programmes, overseeing their implementation status and giving precise numbers on aid for cotton.

4.30. So far, 23 DGCFMC Rounds have been held, including a high-level meeting in March 2007. The continued engagement of WTO Members and participants in the DGCFMC had, over the years,

¹⁸ General Council Decision of 1 August 2004, WT/L/579.

¹⁹ The draft modalities text of 2008 (TN/AG/W/4/Rev.4) was issued on the Chair's own responsibility.

²⁰ See "Poverty Reduction: Sectoral Initiative in favour of Cotton", TN/AG/GEN/4.

²¹ WT/L/579.

consolidated a strong partnership between providers of cotton development assistance and the cotton proponents. The constructive dialogue and information exchange on issues related to cotton in the DGCFMC has helped to maintain the cotton issue high on the WTO agenda and has contributed to the overall efforts to consolidate the development dimension of the MTS.

4.31. This dual track approach of addressing simultaneously the trade and development aspects of cotton has been a unique initiative in the WTO's response to the specific concerns of LDCs. Section 5 describes how the decision on cotton at the Bali Ministerial Conference in 2013 has helped keep the development and trade aspects of cotton a priority in the work of the WTO.

4.4 Non-Agricultural Market Access Negotiations

4.32. Like in the area of agriculture, the framework modalities for Non-Agricultural Market Access (NAMA) adopted by Members in 2004 stipulate that LDCs are not required to apply the tariff reduction formula nor participate in the sectorial approach. They are only expected to substantially increase their level of binding commitments, which is voluntary in nature and where LDCs are the judge of the extent and level of bindings of their tariff lines. The framework modalities also take into account the market access interests of LDCs, calling upon developed countries and developing countries, which so decide, to grant on an autonomous basis DFQF market access for non-agricultural products from LDCs. Subsequently, the provisions relating to DFQF market access had been included in the draft NAMA modalities text of 2008.²²

4.33. A majority of the LDCs are preference dependent. As a result, the challenges LDCs may face from erosion of preference margins resulting from most-favoured nation (MFN) tariff reductions had been an important issue in the NAMA discussions; and solutions had been explored, including through longer transition periods to delay the implementation of MFN tariff cuts on certain products vulnerable to preference erosion in the markets of the EU and the US, as well as through mechanisms such as the Enhanced Integrated Framework (EIF) and the Aid-for-Trade Initiative.²³ However, it may be noted that, there has been little discussion on these issues in recent years in view of lack of progress in the DDA negotiations, as well as lack of convergence on the basis for further negotiations.

4.34. The reduction or elimination of non-tariff barriers (NTBs) has also been an integral part of the NAMA negotiations. The LDCs have shown active interest in the NTB discussions, and have underlined the need to address NTBs in various fora in the WTO. They are part of the proponents of the horizontal proposal on procedures for facilitating solutions to NTBs.²⁴ The proposal for such a horizontal procedure remains under consideration in the NAMA negotiations.

4.35. It can be said that the NAMA negotiations have sought to take into account the trade interests of LDCs. Lack of progress in the NAMA negotiations did not come in the way of LDCs benefiting from improved market access opportunities for their industrial products as both developed and developing Members have adopted DFQF schemes for LDCs. In recent years, Members have been considering different approaches to revive the NAMA negotiations, especially on matters related to tariffs.

4.5 Trade in Services Negotiations

4.36. The LDCs have also received special attention in the area of services negotiations. In 2003, the Special Session of the Council for Trade in Services adopted modalities for the special treatment of LDCs in the services negotiations.²⁵ These modalities served both defensive and offensive interests of LDCs in services negotiations. On the one hand, they provided LDCs with maximum flexibility in undertaking commitments. On the other, the modalities asked Members to

²² The draft modalities text of 2008 (TN/MA/W/103/Rev.3) was issued on the Chair's own responsibility.

²³ Solutions had also been sought for LDCs which do not enjoy preferences for certain products which are of vital importance to them and which would be disproportionately affected by the delay in the implementation of tariff cuts on those products.

²⁴ See Non-Tariff Barriers – Proposal on Procedures for the Facilitation of Solutions to NTBs, TN/MA/W/88, 23 July 2007. Building on this proposal, the same Members submitted a proposal for a Ministerial Decision in 2010, TN/MA/W/106/Rev.1.

²⁵ TN/S/13.

give priority to providing effective market access to sectors and modes of supply of export interest to LDCs. They furthermore asked Members to develop appropriate mechanisms with a view to achieving the full implementation of Article IV:3 of the GATS and facilitating effective access of LDCs' services and service suppliers to foreign markets.

4.37. As a result of these discussions, at the Hong Kong Ministerial Conference, WTO Members agreed to the full and effective implementation of these modalities, including by developing appropriate mechanisms for according special priority to sectors and modes of supply of export interest to LDCs. Ministers further recognized the particular economic situation and difficulties of LDCs and acknowledged that they would not be expected to undertake new commitments.

4.38. Following requests from LDCs and discussion amongst Members, Ministers adopted the services waiver decision at the Ministerial Conference in 2011, which allows Members to provide preferential treatment to services and service suppliers of LDCs.²⁶ The objective of the services waiver is to promote services trade in the sectors and modes of supply that are of particular export interest to LDCs. The preferential treatment can cover market access measures described in Article XVI of the GATS or other measures if approved by the Council for Trade in Services. The services waiver, which is valid for 15 years (2011-2025), constituted a significant step towards facilitating the increased participation of LDCs in services trade.

4.39. In light of the fact that, two years after its adoption, the waiver had not been utilized by any Member, Ministers adopted a decision to operationalize the waiver at the Bali Ministerial Conference in 2013. Section 5 describes the content of this decision and the progress made in this regard.

4.6 Trade Facilitation Negotiations

4.40. As part of the General Council's "July package", WTO Members agreed to commence negotiations on Trade Facilitation with a view to clarify and improve relevant aspects of GATT Articles V (freedom of transit), VIII (fees and formalities connected with importation and exportation) and X (publication and administration of trade regulations), as well as to develop provisions on customs cooperation. The negotiation modalities in Annex D contained important flexibilities for developing countries and LDCs. For the first time, it was recognized that the extent and timing of entering into commitments should be related to their implementation capacities. LDCs received even more extensive S&D. It was agreed that they 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".²⁷

4.41. The modalities also encouraged Members to assess their trade facilitation needs and priorities. The importance of such assessments was reiterated in the Hong Kong Ministerial Declaration. In response, the WTO Secretariat in cooperation with other organizations (IMF, OECD, UNCTAD, WCO and the World Bank) launched a programme to provide technical assistance to WTO Members and Observers, upon request, to conduct a national self-assessment of their individual trade facilitation needs and priorities. A Self-Assessment Guide was developed to support this process. Since 2007, 64 trade facilitation needs assessments have been conducted in 37 LDCs.

4.42. In addition to the regular technical assistance and capacity-building activities on trade facilitation conducted by the WTO Secretariat at national and regional level, support has been provided in the form of funding capital-based experts to attend meetings of the Negotiating Group on Trade Facilitation in Geneva.

4.43. While the LDCs, as a group, have not tabled any proposal specific to the three GATT Articles under the trade facilitation negotiations, several LDCs have co-sponsored proposals teaming up with developed and developing countries. Examples include: (i) a proposal by Rwanda, together with Paraguay and Switzerland, on improving and clarifying the provisions of GATT Article V with a view to expediting the movement of goods in transit²⁸; (ii) a proposal by Uganda, with the United States, on the prohibition of requirement of consular transactions, including consularization

²⁶ WT/L/847.

²⁷ Annex D - Modalities for Negotiations on Trade Facilitation, WT/L/579.

²⁸ TN/TF/W/39.

related fees and charges in connection with the importation of goods²⁹; and (iii) a proposal by the Solomon Islands, with Barbados, Cuba, Fiji and Papua New Guinea, on regional approaches to trade facilitation, including on the establishment of Enquiry Points.³⁰

4.44. At the group level, LDC engagement in the trade facilitation negotiations has largely focused on S&D treatment, including on technical assistance and capacity building. In July 2007, the LDC Group, jointly with the African Group, ACP Group and the Core Group of Developing Countries, submitted a proposal on technical assistance and capacity-building support linked to the implementation of trade facilitation obligations.³¹ Of special concern to the LDCs have been the potential cost implications and their ability to effectively implement the disciplines that may be agreed on in the negotiations.

4.45. Negotiations reached a successful outcome at the Bali Ministerial Conference in 2013, when Members agreed to the Trade Facilitation Agreement. Section 5 describes in more detail the S&D provisions of this Agreement and the creation of the Trade Facilitation Agreement Facility aimed at supporting developing countries in the implementation of the Agreement.

4.7 Trade-Related Aspects of Intellectual Property Rights (TRIPS)

4.46. In the context of implementation of WTO Agreements, LDCs have received special flexibility and Members have continued to be responsive to the needs of LDCs. As noted in Section 2.2 on S&D in the WTO Agreements, Article 66.1 of the TRIPS Agreement originally provided LDCs with a eleven-year transition period, allowing them to delay the implementation of the provisions of the TRIPS Agreement other than those containing the core non-discrimination principles. Following requests by the LDC Group³², the TRIPS Council has extended this general transition period twice, in 2005 and 2013, with the latest extension running until 1 July 2021.³³

4.47. The November 2005 Decision also called on LDCs to provide information on their individual priority needs for technical and financial cooperation in order to assist them in taking the necessary steps to implement the TRIPS Agreement. Pursuant to this provision, Bangladesh, Madagascar, Mali, Rwanda, Senegal, Sierra Leone, Tanzania, Togo and Uganda submitted their needs assessments to the TRIPS Council between 2007 and 2013.³⁴ These reports were discussed at the TRIPS Council. At the request of the LDC Group, the Secretariat also held a number of symposia on LDC priority needs to enhance coordination among Members and IGOs and to align available resources with the needs identified by LDCs.

4.48. The WTO Secretariat's technical-assistance programme in the area of TRIPS has prioritized assistance to LDC Members. The emphasis on the individual priority needs of LDCs has been carried through in programme delivery and through close interagency coordination. Cooperation with the World Intellectual Property Organization (WIPO) has been a key feature in these activities, based on the 1995 cooperation agreement between the two Organizations, and the WIPO-WTO Joint Initiative on Technical Cooperation for Least Developed Countries launched in June 2001.

4.49. Besides providing LDCs with flexibility with respect to implementation, the TRIPS Agreement also aims at fostering technology transfer to LDCs to enable them create a sound and viable technology base. In particular, Article 66.2 asks developed Members to incentivize technology transfer between enterprises and institutions in their territories and LDCs. At the Doha Ministerial Conference, as part of the Decision on Implementation-Related Issues and Concerns, WTO Ministers agreed that the TRIPS Council would "put in place a mechanism for ensuring the monitoring and full implementation of the obligations". Pursuant to this Decision, in

²⁹ TN/TF/W/22; TN/TF/W/104.

³⁰ TN/TF/W/129; TN/TF/W/129/Rev.1; TN/TF/W/129/Rev.2.

³¹ Technical Assistance and Capacity Building Joint submission by the Core Group of Developing Countries, the ACP, African and LDC Groups: TN/TF/W/147 of 18 July 2007.

³² Request IP/C/W/457 of 21 October 2005 and request IP/C/W/583 of 5 November 2012.

³³ Decision IP/C/40 of 29 November 2005 and Decision IP/C/64 of 11 June 2013.

³⁴ Contained in documents IP/C/W/546 for Bangladesh, IP/C/W/584 for Madagascar, IP/C/W/575 for Mali, IP/C/W/548 and Add.1 for Rwanda, IP/C/W/499 for Sierra Leone, IP/C/W/555 for Senegal, IP/C/W/552 for Tanzania, IP/C/W/597 for Togo and IP/C/W/500 for Uganda.

February 2003, the TRIPS Council adopted a Decision on "Implementation of Article 66.2 of the TRIPS Agreement", which requires developed country Members to submit annual reports on actions taken or planned in pursuance of their commitments under Article 66.2.³⁵

4.50. Since the adoption of the Decision, 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 workshops on TRIPS on an annual basis in order to achieve a better understanding of the operation of Article 66.2 and to establish a dialogue between LDC beneficiaries and donors.

4.51. LDCs have stressed the importance of applying the TRIPS Agreement in a manner supportive of their rights to protect public health, including access to medicines for HIV/AIDS, tuberculosis, malaria and other epidemics which continue to plague the lives of their population. The Doha Ministerial Declaration on the TRIPS Agreement and Public Health, adopted in November 2001, ensured that the TRIPS Agreement is to be interpreted in a way that it protects public health and promotes access to medicines for all.³⁶ The Declaration exempted LDCs from providing patent protection for pharmaceutical products until 1 January 2016. This was given legal effect through a Decision of the TRIPS Council³⁷, and another Decision of the General Council that waived the exclusive marketing rights provisions of Article 70.9 for the same period.³⁸ In February 2015, the LDC Group requested that these two decisions specifically relating to transitional arrangements in respect of pharmaceutical products be extended further.³⁹ This request is currently being discussed under the auspices of the TRIPS Council.

4.52. Furthermore, Ministers in Doha also recognized the problem of countries with insufficient or no manufacturing capacities in the pharmaceutical sector in making effective use of compulsory licensing. In particular, as Article 31(f) of the TRIPS Agreement provided that products made under compulsory licensing must be "predominantly for the supply of the domestic market", Members expressed concerns that this could limit the amount of medicines that could be exported to countries which are unable to produce them domestically.

4.53. In order to solve this problem, on 30 August 2003, the WTO General Council adopted a Decision that waives in certain circumstances Articles 31(f) and (h) of the TRIPS Agreement and thereby allows countries with insufficient manufacturing capacities to import medicines produced under compulsory licensing in another country.⁴⁰ Rwanda has so far been the first and only LDC to make use of the system in 2007 in order to import a generic version of an AIDS therapy drug from Canada.

4.54. WTO Members agreed in December 2005 to amend the TRIPS Agreement making the waiver a permanent solution for countries with insufficient or no manufacturing capacity such as LDCs to obtain cheaper generic versions of patented medicines.⁴¹ The amendment will come into force when two thirds of the WTO Members notify their acceptance to it.

4.8 Accessions

4.55. The MTS over the last twenty years has also seen development of broad as well as some specific guidelines to facilitate 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". Pursuant to these calls, WTO Members adopted a set of Guidelines on LDC Accession in December 2002.⁴² The Decision calls for LDCs' accessions to be facilitated and accelerated through simplified and streamlined procedures with a view to

³⁵ IP/C/28.

³⁶ WT/MIN(01)/DEC/2.

³⁷ IP/C/25.

³⁸ WT/L/478.

³⁹ IP/C/W/605.

⁴⁰ WT/L/540 and Corr.1.

⁴¹ WT/L/641.

⁴² WT/L/508.

concluding the negotiations as quickly as possible, and sets out guidelines with respect to: (i) market access; (ii) WTO rules; (iii) the process; and (iv) TRTA and capacity building.

4.56. These Guidelines expedited the adoption of the accession packages for Cambodia and Nepal by WTO Members at the Cancún Ministerial Conference in September 2003. Cambodia and Nepal were the first two LDCs to complete their accession under Article XII of the WTO Agreement. In December 2007, Cape Verde concluded its accession negotiation before its graduation from the LDC status on 1 January 2008. Samoa also joined the WTO in 2012 but graduated from LDC status in 2014. Other Article XII LDC Members include Vanuatu (2012), Lao PDR (2013) and Yemen (2014). Together, they constitute over 20% of 33 Article XII Members in the WTO. As of today, eight LDCs are at various stages of the accession process to join the WTO, with Liberia on the threshold for completion in 2015 and Afghanistan at the final stage of the accession process.⁴³

4.57. Pursuant to the calls of acceding LDCs for the strengthening of the 2002 Guidelines, the General Council adopted a Decision in July 2012 to "further strengthen, streamline, and operationalize the 2002 LDC accession guidelines".⁴⁴ The 2012 guidelines established benchmarks on market access negotiations on goods and services, and included provisions on S&D (including transition periods), transparency and technical assistance.

4.58. The accession of LDCs has received special attention in the Sub-Committee on LDCs, which through the WTO Work Programme for the LDCs regularly monitors the accession of LDCs, including based on reports by the Secretariat. In addition, the WTO Director-General annually reports on LDC accessions in his report to the WTO Membership.⁴⁵ The Sub-Committee also serves as a forum where acceding LDCs and Members exchange views and share experiences.

4.59. The WTO continuously makes efforts to improve its engagement with LDCs' accessions. Greater priority is accorded through outreach, technical assistance, policy advice and support. Since 2009, periodic dialogues have been held between acceding LDCs and WTO Members to deepen engagement on LDCs' accessions and to build on efforts for strengthened transparency.⁴⁶ The process of engagement between Members and LDCs was also reinforced at the Roundtable on LDCs' accessions hosted by Cambodia in September 2009. In addition, the Accessions Division regularly holds briefings with the LDC and other regional groups on WTO Accessions, including LDC accessions.

4.60. Furthermore, in 2011, the Government of China and the WTO established China's LDCs and Accessions Programme (the "China Programme") that aims at strengthening LDCs' participation in the WTO and assisting acceding LDCs to join the organization through two pillars: (i) the WTO Accessions Internship Programme; and (ii) Annual Round Tables on WTO Accessions. Under the Accession Internship Programme, three out of the five interns under the China Programme are from LDCs, including acceding ones.

4.61. Despite efforts to facilitate the accession of LDCs, they encounter a number of challenges including human and institutional capacity constraints during the accession process and the post-accession phase. The WTO Members as well as the Secretariat recognize these difficulties. The good offices of the Director-General, periodic reports on LDC accessions, regular dialogues on LDC accessions, policy advice based on best practices, and targeted technical assistance during accession and post accession are expected to further advance the LDC accessions in the WTO. However, it is important to note that accession is part of a domestic reform process which must be led by each of acceding LDCs, with the support of Members and the Secretariat.

5 IMPLEMENTATION OF THE BALI PACKAGE (2013-2015)

5.1. At the Ninth WTO Ministerial Conference in Bali in 2013, Members adopted the so-called Bali package, of which three decisions were specific to LDCs, namely, on DFQF market access,

⁴³ Other LDCs in the process of accession to the WTO include: Bhutan, Comoros, Equatorial Guinea, Ethiopia, Sao Tomé and Príncipe and Sudan.

⁴⁴ WT/L/508/Add.1.

⁴⁵ The latest Director-General's Report on WTO Accessions is contained in document WT/ACC/23.

⁴⁶ The 2009 dialogue report is contained in document WT/COMTD/LDC/15. The 2010 dialogue report can be seen in document WT/COMTD/LDC/M/56.

preferential rules of origin and the LDC services waiver. Furthermore, the decisions on cotton and the Monitoring Mechanism for S&D were also of importance to the LDCs.

5.1 DFQF Market Access

5.2. At the Bali Ministerial Conference, Members agreed to take further steps to provide enhanced DFQF market access to LDC products. This Decision, *inter alia*, stated that developed Members that do not yet provide DFQF market access for at least 97% of products originating from LDCs, defined at the tariff line level, shall seek to improve their existing DFQF coverage prior to the next Ministerial Conference. Furthermore, developing Members, declaring themselves in a position to do so, shall seek to provide DFQF market access for products originating from LDCs, or shall seek to improve their existing DFQF coverage prior to the next Ministerial Conference.⁴⁷

5.3. The Bali Decision further stipulated that the annual reviews on DFQF market access in the CTD will be aided by Secretariat reports on DFQF market access at the tariff line level based on Members' notifications. The CTD's annual DFQF review in 2014 showed that nearly all developed Members provide either full or significant DFQF market access to LDC products and that the exceptions to DFQF treatment relate to a few sectors and to a limited number of developed Members.⁴⁸ A number of developing Members have also put in place DFQF schemes, which provide significant degree of DFQF market access to LDC products. In September 2015, a CTD meeting was convened to discuss DFQF market access for LDCs, which provided an opportunity to Members to have an in-depth exchange on issues involved.

5.2 Preferential Rules of Origin

5.4. Section 4 explained that the 2005 Hong Kong Ministerial Declaration provided direction regarding rules of origin by calling on Members to ensure that they are simple and transparent. In the preparations for the Bali Ministerial Conference, the LDC Group submitted a proposal for multilateral guidelines for preferential rules of origin.⁴⁹ After discussion amongst Members, for the first time Ministers adopted multilateral guidelines for preferential rules of origin for LDCs at Bali, with the aim of helping LDCs to better utilize preferences accorded to them.⁵⁰ The decision encouraged Members to draw upon elements of the guidelines when they develop or build the rules of origin of their preferential market access schemes for LDCs.

5.5. The decision stipulated that rules of origin should be as transparent, simple and objective as possible. It further provided examples of best practices about how rules and procedures can be developed under different methods to determine a substantial or sufficient transformation, which is required to confer origin.

5.6. The decision also enhanced transparency, including the notification of preferential rules of origin as per the established procedures in the WTO. It also asks the Committee on Rules of Origin to annually review developments in preferential rules of origin. In October 2014, the first such review was undertaken by the Rules of Origin Committee, at which the LDCs presented a paper outlining the challenges they face in complying with preferential rules of origin under unilateral preference schemes.⁵¹

5.7. While the decision does not oblige Members to strictly follow these guidelines, the strength of the decision lies in the marriage of normative guidance with the discretion allowed to the governments. For example, the guidelines contain some illustrations of different possibilities of cumulation of inputs which can help LDCs source materials in an efficient and competitive manner. Moreover, the guidelines invite governments to consider flexible compliance rules that would require minimal administrative effort from the LDCs. The adoption of the guidelines has also initiated a process of exchange of experiences and dissemination of best practices in the WTO.

⁴⁷ WT/L/919.

⁴⁸ WT/COMTD/W/206.

⁴⁹ TN/C/W/63 and TN/C/W/63/Add.1

⁵⁰ WT/MIN(13)/42 or WT/L/917.

⁵¹ G/RO/W/148.

5.8. LDCs have followed up the Bali decision by actively engaging in the Committee on Rules of Origin. In April 2015, the LDC Group made a submission to the Committee on Rules of Origin in the form of questions to preference giving countries in order to stimulate a discussion on how they considered addressing the various elements contained in the Bali Decision.⁵²

5.9. The informal dedicated session of the Committee on Rules of Origin held in July 2015, provided an opportunity to LDCs to have an in-depth dialogue with preference granting countries on their existing rules of origin frameworks for LDCs and how they addressed the guidelines adopted by Members at the Bali Ministerial Conference. In September 2015, the LDC Group submitted a proposal aimed at operationalizing the guidelines, identifying some specific elements for Members' consideration at Tenth WTO Ministerial Conference.⁵³

5.10. It is to be noted that number of important trading partners of LDCs (e.g., Canada, EU, Japan) have undertaken measures in their respective preferential rules of origin frameworks for LDCs, which broadly correspond to the letter and spirit of the guidelines and which have been considered beneficial for the LDCs.

5.3 LDC Services Waiver

5.11. Since Members had not yet utilized the LDC services waiver since its creation in 2011, Members adopted a decision on the operationalization of the waiver at the Bali Ministerial Conference in 2013 outlining the process that would lead to such operationalization.⁵⁴

5.12. The Bali Decision instructed the Services Council to convene a high-level meeting six months after the submission of a collective request by the LDCs. Following the submission of the collective request by the LDCs in July 2014, the high-level meeting of the Services Council took place on 5 February 2015.⁵⁵ Some 25 delegations indicated sectors and modes where they intended to provide preferences to LDC services and service suppliers. Members also agreed to an indicative timeline of end July 2015 for the notification of preferences. So far, 15 Members (Australia; Canada; China; Hong Kong, China; India; Japan; the Republic of Korea; Mexico; New Zealand; Norway; Singapore; Switzerland; Chinese Taipei; Turkey, and the United States) notified preferences. Two further Members, the EU and Chile, circulated to the Services Council a submission stating their intention to notify preferences.

5.13. The Bali decision instructed the Council for Trade in Services to periodically review the operationalization of the waiver and, in case, make recommendations on how to enhance the operationalization. Furthermore, the decision also recognized the need to strengthen LDCs' domestic service capacity to make use of existing opportunities and any preferences in the future. A number of institutions have come forward to assist LDCs in order to benefit from the operationalization of the waiver.

5.4 Special and Differential Treatment and the Monitoring Mechanism

5.14. It may be recalled that in 2002, the General Council agreed to establish a Monitoring Mechanism (MM) on S&D, whose scope, structure and terms of reference were subsequently negotiated and agreed at the Bali Ministerial Conference in 2013.⁵⁶ The function of the MM is to review all aspects of implementation of S&D provisions with a view to facilitating integration of developing and least-developed Members into the multilateral trading system. Following the review of S&D provisions, the MM can recommend to the relevant WTO body either the consideration of actions to improve the implementation of a S&D provision or the initiation of negotiations aiming at improving the reviewed S&D provision(s).

5.15. The potential of the MM is yet to be fully exploited. After three dedicated sessions, the MM is still waiting for the first written submission requesting the review of particular S&D provisions. The

⁵² See "Elements for a discussion on preferential rules of origin for LDCs", G/RO/W/154.

⁵³ See "Preferential Rules of Origin under Unilateral Preference Schemes for LDCs", JOB/TNC/53.

⁵⁴ The Decision is contained in the document WT/L/918.

⁵⁵ The collective request is contained in S/C/W/356 and Corrigenda 1 and 2. For a report of the high-level meeting, see S/C/M/121.

⁵⁶ The Decision is contained in WT/L/920.

MM can become particularly useful for LDCs as they rely the most on S&D provisions amongst developing Members. The MM allows developing countries and LDCs to initiate discussions on the effectiveness of the implementation of a particular S&D provision. Thereby, the MM enhances the responsiveness of the WTO to the needs and problems of its developing Members and to the more effective implementation of S&D provisions.

5.16. The Bali package also contained a decision on post-Bali work, which tasked Members to prepare a work program to finalize the remaining DDA issues. As an input to a possible work program, in February 2015, the LDC Group tabled a list of 25 S&D provisions, across various WTO Agreements.⁵⁷ Subsequently, in July 2015, a G90 submission has been received in the CTD SS that contains detailed textual proposals which subsumed the LDC proposals submitted earlier.⁵⁸ Negotiations are under way with a view to developing recommendations for the Nairobi Ministerial Conference in December 2015.

5.5 Cotton

5.17. In the Bali Decision on Cotton, Ministers acknowledged the vital importance of cotton to a number of developing country economies and particularly the LDCs amongst them.⁵⁹ The Bali Decision continued to put a spotlight on both the development and trade policy aspects of the cotton dossier.

5.18. Ministers reaffirmed the importance of the development assistance aspects of cotton and, in particular, highlighted the work of the DGCFMC in reviewing and tracking cotton-specific assistance as well as infrastructure support programs or other assistance related to the cotton sector. Ministers committed to continued engagement in this Consultative Framework Mechanism to strengthen the cotton sector in the LDCs.

5.19. The Decision also reiterated Members' commitment to make progress in the trade-related negotiations on cotton. In order to enhance transparency and monitoring of the trade-related aspects of cotton, Members agreed that the Committee on Agriculture in Special Session (CoASS) should meet twice a year to examine trade-related developments across the three pillars of market access, domestic support and export competition in relation to cotton.

5.20. The dedicated discussions on cotton have enabled a constructive and factual exchange of views regarding Members' trade-related policies and relevant developments for cotton. These discussions have been focusing, as per the mandate, on all forms of export subsidies for cotton and all export measures with equivalent effect, domestic support for cotton, and tariff and non-tariff measures applied to cotton exports from LDCs in markets of interest to them. The dedicated discussions provide Members with a better understanding of the various trade policies impacting cotton markets and are complementary to the negotiation track, allowing for substantive consideration of outstanding issues with a view to delivering on the cotton mandate.

5.6 The Trade Facilitation Agreement and the Trade Facilitation Agreement Facility

5.21. Negotiations on trade facilitation were successfully concluded at the Bali Ministerial Conference, where Ministers agreed to the Trade Facilitation Agreement (TFA), which aims at, *inter alia*, making trade less costly and faster through simplified customs procedures. It may be noted that Niger and Lao PDR have become the first two LDCs to ratify the TFA.

5.22. In addition to the expected positive economic impact from the implementation of the TFA, it is of particular importance to developing countries and LDCs because of the novel approach taken by S&D provisions contained in Section II of the Agreement. In particular, the S&D provisions link the requirement to implement the TFA with the implementation capacity of developing countries and LDCs. By classifying the provisions of the TFA into three different categories (A, B and C), LDCs have full flexibility in determining the timing of the implementation of the provisions. Furthermore, the implementation of provisions that are classified under category C is conditional on the acquisition of implementation capacity through technical assistance.

⁵⁷ JOB/DEV/28.

⁵⁸ JOB/DEV/29 – JOB/TNC/51.

⁵⁹ WT/L/916.

5.23. In comparison to other developing countries, LDCs have been granted additional flexibility. They were given longer timeframes to comply with their obligations, in addition to other preferential treatment. For instance, developing countries are required to notify category C commitments upon entry into force of the TFA, including information on required technical assistance. LDCs benefit from transition periods of one year for the notification of category C commitments and two years for the notification of information on required technical assistance. Preferential treatment also extends to a so-called "early warning mechanism" under which developing countries can request additional time for the implementation of category B or C provisions if they experience difficulties in the implementation of the provisions by the notified date. The extension will be automatic if the additional time requested does not exceed three years in the case of LDCs and 18 months in the case of other developing countries.

5.24. In order to support developing and least developed Members with the implementation of the TFA, the WTO launched the TFA Facility in July 2014. The functions of the TFA Facility include supporting LDCs and developing countries to identify their technical assistance needs, providing information on technical assistance possibilities and helping developing countries find donors, and, in certain circumstances, providing grants for project preparation or project implementation.

5.25. Regional workshops were conducted for Parliamentarians in Africa, Asia, and the Pacific Islands to help them understand the TFA that they may be called on to ratify. In addition, through a new programme of one-on-one meetings with interested Members, the Facility has started to assist new LDC country delegates to gain a better understanding of the S&D provisions and the notification requirements in the TFA and how they can assist their country to get the needed support. The Facility is also in the process of finding donors for the implementation of specific provisions at the request of one LDC Member. The Facility has already fulfilled similar requests from developing countries and expects the same positive response from donors and partner organizations for LDC requests.

6 INSTITUTIONAL SUPPORT AND CAPACITY-BUILDING INITIATIVES

6.1. During the past 20 years, the WTO has not only advanced trade policy issues in the interest of LDCs but also supported LDCs to participate more actively in trade negotiations and regular work of the institution. The WTO Secretariat, under the guidance of the Director-General, has accorded special attention to the needs and concerns concerning the LDCs' participation in the MTS. This is reflected in day-to-day support provided to the LDC Consultative Group and the work carried out in the Sub-Committee on LDCs according to a dedicated work programme for LDCs. Moreover, LDCs are accorded priority in the delivery of WTO's TRTA activities.

6.2. It has long been acknowledged that LDCs need additional support in developing their productive capacities and in overcoming their supply-side constraints, so that they can take better advantage of the opportunities presented by multilateral liberalization. The WTO has been working with partners to assist LDCs in their efforts to tackle these core supply-side issues through initiatives such as the Aid-for-Trade Initiative, the Standards and Trade Development Facility (STDF) and the EIF.

6.1 The LDC Consultative Group

6.3. Several LDC governments have severe resource constraints, especially at the level of personnel capacities. Permanent Missions often have one person dedicated not just to the work of the WTO but to that of other intergovernmental organizations in Geneva, including UNCTAD, ITC, WIPO and others. This reality means that LDCs have often faced challenges in participating in the work of the WTO.

6.4. Around the time of the launch of the Doha Round negotiations, LDCs requested that the WTO support their preparatory processes for participation in the negotiations. The response was, *inter alia*, the establishment of an LDC Unit within the Development Division of the WTO in 2003, whose function would be to service the LDC Consultative Group. Since then, the LDC Unit has been at the service of LDCs, providing day-to-day support in the coordination of their preparatory processes to engage in the work of the WTO.

6.5. The LDCs, including Members and Observers, set up an LDC Consultative Group in Geneva in 2001, with the aim of ensuring their participation in the MTS on the basis of their own priorities. While it is an informal group, it serves as a pivotal platform for the Group's positions in the DDA negotiations by ensuring that LDC delegations meet regularly, share information, brainstorm, articulate their positions, and as necessary, act together to pursue their common interests and to efficiently use their often limited resources.

6.6. Consisting of expert and Ambassador-level processes, which form the base for proposals that are, from time-to-time, signed off by LDC Ministers, the Group remains a cornerstone for the increased participation of LDCs in the work of the WTO. Upon creation of this Group, the LDCs submitted a large number of proposals in the DDA negotiations.

6.7. Apart from negotiating as a Group, Members of the LDC Consultative Group have also joined different alliances to advance their specific interests. For instance, more than a dozen alliances have been formed in the area of agriculture negotiations, several of which include LDCs. Examples of alliances include LDC participation in the G33, the African Group, the ACP Group and the Cotton-4 Group. Such alliances and groups have provided LDCs with a platform to voice their specific interests and needs with other Members with whom they may share common interests.

6.8. At the highest level, LDCs meet at the level of Ministers to prepare for WTO Ministerial Conferences with a view to adopting a common position and advancing proposals regarding issues of interest to LDC. The first LDC Trade Ministers meeting was held in Zanzibar, Tanzania, in July 2001, prior to the Doha Ministerial Conference. Since then, the LDCs have convened eight Ministerial meetings of LDC Trade Ministers.

6.2 The Sub-Committee on LDCs and the Work Programme for the LDCs

6.9. At the institutional level, the prioritization of LDCs manifested itself in the establishment of a Sub-Committee on LDCs as a subsidiary body to the CTD in 1995. The mandate of the Sub-Committee was to give particular attention to the special and specific problems of LDCs, to review periodically the operation of the special provisions in the multilateral trade agreements and related Ministerial Decisions in favour of LDCs, to consider specific measures to assist and facilitate the expansion of LDCs trade and investment opportunities, and to report to the CTD for consideration and appropriate action.⁶⁰

6.10. Following a directive from Members at the Doha Ministerial Conference, a WTO Work Programme for the LDCs was adopted in 2002. This Work Programme, revised in 2013, sought to address systematic issues of interest to LDCs in the multilateral trading system.⁶¹ The Sub-Committee has been focusing on the implementation of this Work Programme, which identified seven core issues: (i) examining market access issues for LDCs; (ii) monitoring TRTA and capacity-building initiatives for LDCs; (iii) supporting agencies assisting with the diversification of LDCs production and export base; (iv) mainstreaming trade-related elements of the UN Programme of Action for the LDCs into the WTO work; (v) reviewing the participation of LDCs in the MTS; (vi) monitoring the accession of LDCs to the WTO; and (vii) following up WTO Ministerial Declarations/Decisions.

6.11. Over the last decade, the Sub-Committee has commissioned specific studies to help LDCs better understand their issues of interest in the WTO as well as to better participate in the work of the WTO. These include studies on topics such as supply-side constraints (WT/COMTD/LDC/W/33), textiles and clothing business (WT/COMTD/LDC/W/37), non-tariff measures on products of export interest to LDCs (WT/COMTD/LDC/W/39), market access issues in services (JOB(07)/148) and agriculture commodity prices (WT/COMTD/LDC/W/43). It may be noted that every year the Secretariat prepares a factual study on the overall trade trends and market access conditions of LDCs which has become the flagship document under the aegis of the Sub-Committee.

⁶⁰ WT/COMTD/2.

⁶¹ WT/COMTD/LDC/11/Rev.1.

6.3 WTO Trade-related Technical Assistance and Capacity Building

6.12. The main objective of WTO's TRTA activities is achieving cumulative and sustainable capacity building and enhancing efficiency and impact of the WTO's TRTA in developing countries and the LDCs. It is part of the broader spectrum of ongoing bilateral, regional and multilateral efforts to enhance the delivery of Aid for Trade and substantially improve its impact on the ground.

6.13. At the Doha Ministerial Conference, Members confirmed that technical assistance and capacity building are "core elements of the development dimension of the multilateral trading system".⁶² Such issues were further highlighted and strengthened at the Hong Kong Ministerial Conference in 2005. As a result, priority is accorded to LDCs in the delivery of TRTA, including for Geneva-based training courses. On average, LDCs are associated with some 45% of the WTO's TRTA activities annually even though they represent less than a third of beneficiaries. Since 2001, nearly 20,000 officials from LDCs have benefited from the training and technical-assistance activities organized in Geneva or in the field. Such TRTA activities included national activities held in LDCs, regional seminars, workshops and training activities.

6.14. In light of specific challenges faced by LDCs, various activities have been developed to help LDCs participate in the MTS. For example, three-week introduction courses for LDCs are organized twice a year (one for Anglophone LDCs and another for Francophone LDCs). Furthermore, LDCs are eligible for more national TRTA activities compared to other Members. While other developing countries are eligible for two national TRTA activities per year, LDCs are entitled to three national activities, as well as receiving priority attention in the accession process. Also, support is provided in the preparation of the LDCs' needs assessments for trade capacity building which provides the basis to request technical assistance.

6.15. The Secretariat provides four long-term trainee and internship programmes which benefit developing countries and LDCs, i.e. the Netherlands Trainee Programme (NTP), the Mission Internship Programme (MIP), Regional Coordinator Internships (RCI), and China's LDCs and Accessions Programme. The NTP is designed to assist in the economic and social development of LDCs, low income countries and comparable small and vulnerable economies in areas related to trade policy and to provide junior public officials with the opportunity to learn about matters dealt with within the WTO. The MIP enables young professionals from selected developing countries, including LDCs, to support their Permanent Representations to the WTO in participating more actively at the WTO. Interns of the RCI programme assist the coordinators of regional groupings, including of the WTO LDCs' Consultative Group. The China Programme aims to strengthen the participation of LDCs in WTO activities and consists of five elements, including WTO accessions internships, WTO accessions round table meetings, LDCs' participation in WTO meetings, South-South dialogue on LDCs and development, LDCs Trade Policy Review follow-up workshops. On average, around 60% of interns under these programmes come from an LDC.

6.16. In addition, assistance designed to address LDCs' specific needs and concerns includes the Geneva Week, the Reference Centres, and support provided during Trade Policy Reviews and their follow-up. The Geneva Week is a week-long event held twice a year that aims at informing officials from WTO Members without permanent missions in Geneva about the ongoing work and trade negotiations at the WTO. Since the first Geneva Week in 1999, a total of 30 Geneva Weeks have been organized with the 31st one scheduled prior to the Nairobi Ministerial Conference.

6.17. In the first Geneva Week in November 1999, 18 LDCs participated, three of which had Observer status. In contrast, in the 30th Geneva Week in July 2015, only three LDCs participated, one of which held Observer status. The decline in participation of LDCs reflects a positive development that LDCs have opened more missions in Geneva, and as a result they can participate more actively at the WTO.

6.18. Under the WTO Reference Centres Programme, developing countries can benefit from the establishment of reference centres that are geared towards providing support to government officials in the performance of their duties, including getting access to databases, documents and other resources published by the WTO and available on the internet. Reference Centres can also be accessed by other institutions and are sometimes based at academic institutions and universities,

⁶² WT/MIN(01)/DEC/1.

thus providing a larger access to WTO-related information. Presently, some 20 Reference Centres are in operation in LDCs.

6.19. Finally, mention should be made of the WTO Chairs Programme, which at present includes 21 Chairs, and of which two are located in LDCs (Benin, Senegal). A total of 14 Chairs were selected in the first phase of the Programme, the other seven were identified following a highly competitive process in 2014, with the start of the second phase of the Chairs programme. The aim of the Chairs program is to conduct work under three pillars, i.e. research, curriculum development and outreach and to link the academic work more closely to the design and implementation of government policies. The WTO provides grants to each of the Universities in support of the programmes.

6.4 The Aid-for-Trade Initiative

6.20. At the Sixth Ministerial Conference in Hong Kong in December 2005, WTO Ministers launched the Aid-for-Trade Initiative with the aim of helping developing countries, in particular the least developed, "to build the trade-related infrastructure and supply-side capacity they need to implement and benefit from WTO Agreements and more broadly to expand their trade". In 2006, the Director-General formed a Task Force, with the aim of operationalizing Aid for Trade. The subsequent Task Force Recommendations outlined, *inter alia*, the rationale for Aid for Trade, its scope, guiding principles, objectives and four thematic areas of focus for operationalization: strengthening the demand side (by mainstreaming trade objectives into national development plans); mobilizing donor response (by mainstreaming trade support into development programming); reinforcing the bridge between demand and response; and improving monitoring and evaluation.⁶³

6.21. Since 2007, biennial Global Reviews of Aid for Trade have provided a platform for the trade and development communities to dialogue on Aid for Trade, monitor its progress and evaluate its impact on-the-ground, with a particular focus on LDCs. Global Reviews are the centrepiece of biennial Aid-for-Trade work programmes and provide an opportunity to share the results of a monitoring and evaluation exercise that assesses mainstreaming efforts by developing countries and their development partners, resource mobilization efforts and monitors the impact of Aid-for-Trade projects and programmes.

6.22. With respect to strengthening the demand side and mainstreaming, the Aid-for-Trade Task Force noted that "a commitment to country ownership and country-driven approaches – as well as a commitment of governments to fully mainstream trade into their development strategies – is key to the effectiveness of Aid for Trade".

6.23. Global Reviews of Aid for Trade have shown that LDCs are getting better at articulating, mainstreaming and communicating their trade-related objectives and strategies. In 2009, 60% of LDC respondents to the monitoring exercise reported that trade was fully mainstreamed into national development plans, with the remaining LDCs reporting partial mainstreaming. In 2015, 97% of LDC respondents reported that they had Aid for Trade priorities and 92% stated that they had mainstreamed new priorities into national development strategies.

6.24. In order to strengthen donor response and resource mobilization, the Aid-for-Trade Task Force recommended that additional, predictable, sustainable and effective resources should be mobilized to meet developing countries trade objectives. Aid-for-Trade resources for LDCs experienced a strong upward trend since the Initiative was launched. Commitments to LDCs amounted to US\$18.2 billion in 2013, which represents an increase of 178% since the 2002-2005 baseline period. In the same period, the share of total Aid for Trade received by LDCs grew from 27% of total Aid-for-Trade commitments to 33% of total Aid-for-Trade commitments in 2013 – although disbursements remained constant at 26%. Total Aid-for-Trade commitments rose from an average of US\$25.2 billion to reach US\$55.4 billion in the same period.

6.25. Aid-for-Trade commitments to LDCs have grown most in the category of economic infrastructure in absolute terms (an increase of US\$7.8 billion in 2013 as compared to the average

⁶³ WT/AFT/1.

of 2002-2005) and in trade policy and regulation in percentage terms (300% over the same period) – the latter being a category which includes assistance for trade facilitation.

6.26. A total of 29 bilateral donors and 15 multilateral donors provided Aid-for-Trade assistance to LDCs in 2013. Six donors (the EU, Japan, the US, the African and Asian Development Banks and the World Bank) accounted for 71% of Aid-for-Trade disbursements to LDCs in 2013. Monitoring for the Global Reviews suggests that support from South-South partners to LDCs is also growing.

6.27. Concerning monitoring and evaluation, research conducted for the Fifth Global Review of Aid for Trade in July 2015 highlights that trade costs continue to fall heavily on LDCs, constraining their economic growth and trade development. Such costs include those related to transport and logistics, onerous border procedures, weak policies and regulatory frameworks and a low capacity to meet standards. The 2015 Aid for Trade at a Glance Report concluded that while LDCs are gaining traction on trade costs, they still find it hard to make a "transformative shift" because of the high absolute costs from which they start (particularly landlocked countries), limited institutional capacity and resource constraints.

6.5 The Enhanced Integrated Framework

6.28. The EIF is the only global Aid-for-Trade programme exclusively designed for the LDCs and is therefore uniquely placed to support countries to use trade as a tool for sustainable development and benefit from being part of the global trading system. It is a partnership of 48 LDCs, 23 donors and eight agencies including the WTO.⁶⁴ Through a multi-donor trust fund, it provides financial and technical support to build trade policy and institutional capacity, together with the ability to coordinate and leverage additional Aid-for-Trade resources in the LDCs.⁶⁵ The EIF has its roots in the IF, which was established in 1997 following the High-Level Meeting on Integrated Initiatives for LDCs' Trade Development. In September 2005, the joint World Bank-IMF Development Committee endorsed proposals for an enhanced IF with expanded resources and scope in order to make it more effective. Subsequently, the IF Steering Committee established a Task Force to develop recommendations for the enhancement of the IF.

6.29. At the Hong Kong Ministerial Conference, Ministers approved that the Task Force should elaborate recommendations to improve the implementation of the IF by considering ways to: "(1) provide increased, predictable, and additional funding on a multi-year basis; (2) strengthen the IF in-country, including through mainstreaming trade into national development plans and poverty reduction strategies; more effective follow-up to diagnostic trade integration studies and implementation of action matrices; and achieving greater and more effective coordination amongst donors and IF stakeholders, including beneficiaries; (3) improve the IF decision-making and management structure to ensure an effective and timely delivery of the increased financial resources and programmes".⁶⁶ Following the recommendations of the Task Force in 2006, Phase One of the EIF began in 2009.⁶⁷

6.30. The EIF supports LDCs to undertake Diagnostic Trade Integration Studies (DTIS), which help LDCs to identify constraints to trade and opportunities for trade expansion while ensuring that the EIF process is aligned with the priorities of the LDC government. The priorities and needs identified by the DTIS are captured in an Action Matrix, which functions as a blueprint for coordination of future EIF and other Aid-for-Trade interventions. The EIF also supports LDCs to build the institutional capacities and structures required to mainstream trade into national development strategies and to coordinate the delivery of Aid for Trade. In order to maintain the momentum of this support, the EIF also supports feasibility studies and small-scale priority projects identified in the DTIS Action Matrix. Countries are encouraged to leverage these funds to secure additional bilateral resources.

6.31. The first phase of the EIF (2009-2015) received pledges from 23 donors totalling US\$252 million. As of August 2015, US\$202 million of contributions have been received. Over Phase One, the EIF supported 136 projects. Specifically, EIF support has been used to undertake

⁶⁴ World Bank, the IMF, ITC, UNCTAD, UNDP, UNOPS. Observer agencies are UNWTO and UNIDO.

⁶⁵ Graduated LDCs Maldives, Samoa and Cabo Verde are also receiving EIF support.

⁶⁶ WT/MIN(05)/DEC.

⁶⁷ WT/IFSC/W/15.

41 DTIS to identify national trade related priorities; formulate and implement trade strategies in 29 countries; integrate trade in national development plans of 32 countries; establish public-private trade policy consultation mechanisms in 32 countries; establish regular trade related donor coordination in 28 countries and government-donor mechanisms in 30 countries; and undertake 36 projects which are helping countries to address specific barriers to trade and increase their ability to trade.

6.32. In 2014, an independent evaluation of the first phase of the EIF found that the EIF remains highly relevant to the trade needs of LDCs with respect to mainstreaming trade, defining trade-related priorities and bringing stakeholders together.⁶⁸ Results can be observed, many of which with good prospects for sustainability. The evaluation also highlighted remaining challenges including, the need to strengthen in-country capacity to implement plans and strategies, donor coordination and building broad-based support for the trade agenda, and leveraging additional resources at the country level. Based on the findings of the 2014 Evaluation, the EIF Steering Committee endorsed the recommendation of the EIF Board to extend the programme for a second phase from 2016 to 2022.

6.33. The Programme's relevance was also reiterated at the Bali Ministerial Conference in three decisions on cotton, the LDC services waiver, and the TFA. In these decisions, it was emphasized that LDCs should use the EIF as a gateway for Aid for Trade to help in the coordination and implementation of WTO Ministerial Decisions related to cotton, the services waiver and trade facilitation.

6.34. Building upon the positive findings of the independent evaluation, over 200 stakeholders across LDCs, donors and agencies were brought together at the EIF Global Platform in March 2015 to design Phase Two of the EIF. As a result of these consultative discussions, substantive measures were introduced into the EIF Programme Framework for Phase Two which will strengthen effectiveness, efficiency, sustainability of results and value for money. The EIF Programme Framework for Phase Two has been designed to produce a more dynamic and results driven EIF that continues to build on providing customized support to LDCs.

6.35. Phase Two of the EIF was launched at the Fifth Global Review of Aid for Trade. At the launch, the new EIF logo was unveiled along with the tagline for the EIF: Trade for LDC development. The EIF Programme for Phase Two includes streamlined processes, strengthened programme and results based management, deepened tailor made support, enhanced governance arrangements and a flexible approach to accommodate emerging trends in the global trading environment for LDCs.

6.36. To maintain the momentum of the results achieved over Phase One and ensure the sustainability of the impact on the ground, a pledging conference to replenish the EIF Trust Fund for Phase Two will be organized at the outset of the Tenth WTO Ministerial Conference in Nairobi.

6.6 The Standards and Trade Development Facility

6.37. The STDF is a global partnership that was launched in 2001 during the Doha Ministerial Conference.⁶⁹ The WTO partners with the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), the World Bank and the World Health Organization (WHO). In September 2004, these organizations formally established the Facility, with seed funding from the World Bank and the WTO. Other organizations with sanitary and phytosanitary (SPS) expertise or implementing SPS-related technical assistance projects, bilateral donors and selected developing country SPS experts, including from LDCs, participate actively in the Facility's work. The Secretariats of the Codex Alimentarius Commission and the International Plant Protection Convention (IPPC) also participate in the partnership, either in their own right or through the involvement of their parent organizations.⁷⁰

⁶⁸ Evaluation of the Enhanced Integrated Framework, Capra International Inc., 28 November 2014.

⁶⁹ Information about the STDF, its activities and projects, including eligibility criteria and application forms, is available on the STDF website: <http://standardsfacility.org/>

⁷⁰ The joint FAO/WHO Codex Alimentarius Commission, the International Plant Protection Convention (IPPC, housed by FAO) and the World Organisation for Animal Health (OIE) are the three standard-setting

6.38. The Facility supports developing countries, and in particular LDCs, to implement international SPS standards, guidelines and recommendations as a means to improve their human, animal and plant health status and their ability to gain and maintain market access. By bringing together the SPS expertise and skills of its founding partners, other organizations and developing countries, the STDF provides a unique platform to exchange information, encourage collaboration and synergies in SPS capacity building, enabling the stakeholders involved to achieve more effective and sustainable results together, than would be possible alone. The STDF raises awareness about the importance of building SPS capacity, mobilizes additional Aid for Trade resources and identifies and disseminates good practice. The STDF work is focused, *inter alia*, on best ways to identify and prioritize SPS needs and investment options for market access, the use of economic analysis to inform SPS decision-making, public-private partnerships to build SPS capacity and, more recently, trade facilitation in an SPS context.

6.39. As a financing mechanism, the STDF provides seed funding to support project formulation based on appropriate assessment of SPS-related capacity building needs and priorities. Applications are particularly encouraged from LDCs. Project proposals can be funded through external funding or through the STDF, in particular if projects: (i) are relevant to the identification, development and dissemination of good practice in SPS capacity building, including projects that develop and apply innovative and replicable approaches; (ii) address SPS constraints through regional approaches; and (iii) are collaborative and inter-disciplinary, focused on the inter-linkages between food safety, animal and plant health and trade.

6.40. Since its inception in 2004, a total of 72 projects have been approved for STDF funding. The STDF has devoted 56% of its resources available for projects and project preparation grants (PPGs) to LDCs and other low-income countries (OLICs). Hence, the STDF is consistently meeting its target to devote at least 40% of its project and PPG resources to LDCs and OLICs. In particular the allocation of PPG resources to LDCs and OLICs remains high, with LDCs receiving 74% of the overall budget for PPGs.

7 CONCLUSION

7.1. It is clear that during the past 20 years, the WTO has supported LDCs in their efforts to integrate into the rules-based MTS. Special provisions specifically for the LDCs have been put in place to facilitate the participation and integration of LDCs into the MTS. At the same time, substantive measures have been taken to help LDCs increase their trade flows. This has helped improve the trade performance of LDCs, as a group. The share of LDCs in world merchandise exports stood at 1.2% in 2013, up from 0.5% in 1995. While trade in services has grown in importance for a number of LDCs, the overall share of LDCs in world trade in commercial services has seen a modest increase, from 0.4% in 1995 to 0.7% in 2013.

7.2. Special consideration for enhancing LDCs' participation in world trade had already been made during the GATT period. The "Enabling Clause", adopted in 1979, was the first important decision that explicitly used the term LDCs and allowed developed countries to treat LDCs on a different footing than other developing countries. Specific needs of LDCs were recognized during the Uruguay Round negotiations, resulting in special flexibilities for LDCs, over and above their access to S&D provisions applicable to all developing countries. These favourable treatments have often been extended to help LDCs pursue their development objectives. A clear illustration of this is the TRIPS Agreement, where the general transition period for LDCs to implement the TRIPS Agreement has been extended several times with the current extension valid until 1 July 2021.

7.3. The Decision on Measures in Favour of LDCs adopted in 1993 during the Uruguay Round has served as an important reference point for subsequent instruments and decisions with respect to market access, flexibilities in the implementation of WTO rules and technical assistance for LDCs.

7.4. The Doha Round of negotiations seeks to advance the interests of LDCs in the WTO. LDC issues have received special attention in almost all areas of the Doha Work Programme. Pending the full conclusion of the Round, Members have adopted a number of significant decisions in favour

organizations designated as reference bodies in the Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures: the Codex for food safety, the IPPC for plant health, and the OIE for animal health and zoonoses.

of LDCs. The Hong Kong Ministerial Conference (2005) and the Bali Ministerial Conference (2013) have adopted a set of decisions for LDCs, which aim at improving the participation of LDCs in world trade, and at the same time, according LDCs the flexibility to pursue their development objectives.

7.5. Though DFQF market access was granted to LDCs by some Members even prior to the launch of Doha negotiations, the Hong Kong Ministerial Conference and the Bali Ministerial Conference both took important decisions in this regard. At present, most developed Members grant either full or significant DFQF market access to LDC products. An increasing number of developing Members are also providing DFQF market access to LDC products.

7.6. The multilateral guidelines for preferential rules of origin adopted at the Bali Ministerial Conference constitute an important step forward encouraging Members to develop rules of origin that are transparent and simple, and facilitate exports from LDCs. These guidelines, the first of its kind, invite Members to consider certain elements in the design of their rules of origin conditions for LDCs. A number of key trading partners of LDCs have introduced measures for LDCs to meet the rules of origin conditions with ease, which has also resulted in increased exports to these markets.

7.7. Legal instruments have continually been contemplated for the LDCs to enable their greater integration in world trade. In this regard, one important outcome has been the adoption of the LDC Services Waiver in 2011 enabling Members to grant preferential treatment to LDC services and service suppliers. A good number of Members, involving both developed and developing countries, have undertaken preferences for LDCs and notified them to the WTO.

7.8. During the past decade, Members have also shown their responsiveness to address particular issues of concern to LDCs. As part of the agriculture negotiations, cotton has become a priority issue. The WTO has addressed both the trade and development aspects of cotton through special treatment in agriculture negotiations and a consultative framework under the auspices of the WTO Director-General, respectively.

7.9. Another area where positive results have been achieved is with LDC accessions. Since 1995, seven LDCs, two of which have in the meantime graduated from LDC status, have undergone the accession process and joined the WTO. In order to facilitate and accelerate the accession of LDCs, Members have drawn up broad as well as some specific guidelines for LDC accessions. The first set of guidelines were adopted in 2002 which, *inter alia*, calls upon Members to exercise restraint in seeking commitments and concessions from acceding LDCs. These guidelines were strengthened in 2012 with the introduction of benchmarks for market access negotiations under the accession process. These guidelines may serve as an important instrument for the LDCs currently in the accession process to negotiate their terms of entry to the WTO.

7.10. The LDCs have continued to receive special priority in the delivery of WTO's TRTA. They are, on average, associated with 45% of the WTO's annual TRTA activities. Since 2001, nearly 20,000 officials from LDCs have benefited from activities organized in Geneva or in the field. The WTO has engaged in partnerships, including through the Aid-for-Trade Initiative, the EIF, the STDF and the TFA Facility to support LDCs in developing their trade capacity. The Aid-for-Trade Initiative has helped mobilize resources to address supply-side constraints of LDCs, which benefitted from an 178% increase in Aid-for-Trade commitments between a 2002-2005 baseline period and 2013. The extension of the EIF for a second phase from 2016 to 2022 highlights its continuing high relevance for the trade needs of LDCs.

7.11. The prioritization of LDCs has manifested itself also in the institutional structure of the WTO. In the Sub-Committee on LDCs, Members discuss issues of interest to LDCs, including market access, TRTA and accessions, as guided by the WTO Work Programme for the LDCs. This Work Programme, which was adopted in 2002 and revised in 2013, provides the basis to address systemic issues of interest to LDCs in the MTS. Over the last decade, the Sub-Committee on LDCs has commissioned a number of studies of specific interest to LDCs, with a view to deepening the understanding of LDCs on multilateral trade issues.

7.12. Since the launch of the DDA negotiations, the WTO has witnessed the emergence of an active LDC Group in its work. Realizing the importance of the Doha negotiations, the LDC

Consultative Group was formed in early 2001. Since then, the Group has become a key constituency in the decision-making process of the WTO, serving as a forum to articulate the common interests of LDCs in the WTO. The WTO has supported the participation of LDCs at the WTO through the creation of an LDC Unit in 2003, which has provided LDCs day-to-day support to engage in the work of the WTO and the Doha Round negotiations. The effectiveness of the LDC Group is demonstrated through the submission of numerous substantive proposals in the negotiations as well as in the regular work of the WTO. The growing human and institutional capacity in the LDCs to effectively take part in the MTS is a welcome development.

7.13. Notwithstanding the progress made in advancing the integration of LDCs into the MTS, it is important to acknowledge that LDCs continue to face a number of trade and development challenges. Most of the LDCs continue to rely on a narrow range of export products. While some degree of diversification has taken place with respect to merchandise exports, the domestic supply base of LDCs in services trade is very limited. There has not been significant improvement in the productive capacity in LDCs, and trade transaction 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.

7.14. The Tenth WTO Ministerial Conference in Nairobi offers an opportunity to further help LDCs benefit from the MTS and to integrate better into the global economy. Building on the substantial progress made at Bali Ministerial Conference, Members have been engaged to work towards a substantive outcome at the Nairobi Ministerial Conference that places LDCs at its core.

7.15. The Bali package for LDCs took decisions to improve the market access for LDCs in both goods and services. To consolidate these gains, ongoing work will need to progress in a number of areas. DFQF market access for LDC products remains an important issue for Members and the CTD meeting held on 21 September 2015 provided an opportunity to Members to have an in-depth exchange on issues involved. The adoption of multilateral guidelines at the Bali Ministerial Conference can guide Members to develop preferential rules of origin which facilitate the utilization of preferences by LDCs and provide a basis for further work. The notifications of preferential treatment of services and services suppliers from LDCs by a number of Members constitute an important step towards facilitating market access in services for LDCs. Helping LDCs take advantage of these preferences will require continued efforts and measures from Members pursuant to the LDC services waiver as well as enhanced technical assistance and capacity building.

7.16. The overall conclusion of the Doha Round will also contribute to improve the trade prospects of LDCs along with enhanced flexibility to pursue their trade and development strategies. As an immediate priority, it is therefore important that Members continue their efforts to deliver a meaningful package for LDCs at the Nairobi Ministerial Conference.

ANNEX: LDCs AND WTO MEMBERSHIP OR ACCESSION STATUS¹

Member	WTO membership or accession status
Angola	23 November 1996
Bangladesh	1 January 1995
Benin	22 February 1996
Burkina Faso	3 June 1995
Burundi	23 July 1995
Cambodia	13 October 2004
Central African Republic	31 May 1995
Chad	19 October 1996
Congo, Democratic Republic of the	1 January 1997
Djibouti	31 May 1995
The Gambia	23 October 1996
Guinea	25 October 1995
Guinea-Bissau	31 May 1995
Haiti	30 January 1996
Lao People's Democratic Republic	2 February 2013
Lesotho	31 May 1995
Madagascar	17 November 1995
Malawi	31 May 1995
Mali	31 May 1995
Mauritania	31 May 1995
Mozambique	26 August 1995
Myanmar	1 January 1995
Nepal	23 April 2004
Niger	13 December 1996
Rwanda	22 May 1996
Senegal	1 January 1995
Sierra Leone	23 July 1995
Solomon Islands	26 July 1996
Tanzania	1 January 1995
Togo	31 May 1995)
Uganda	1 January 1995
Vanuatu	24 August 2012
Yemen	26 June 2014
Zambia	1 January 1995
Afghanistan	Ongoing accession
Bhutan	Ongoing accession
Comoros	Ongoing accession
Equatorial Guinea	Ongoing accession
Ethiopia	Ongoing accession
Liberia	Ongoing accession
Sao Tomé and Príncipe	Ongoing accession
Sudan	Ongoing accession

¹ Six LDCs are neither in the accession process nor observers (Eritrea, Kiribati, Somalia, South Sudan, Timor-Leste, Tuvalu). South Sudan applied for observer status in April 2012. Timor-Leste applied for WTO Accession in April 2015.