Introduction

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After 10 years of unfruitful negotiations, the world's main trading economies remain far apart over a global agreement on the new international trade liberalization concessions and rules. The Doha Round of negotiations, also known as the Doha Development Agenda (DDA), was launched in 2001 with the aim of continuing to make markets more accessible for all WTO members, but especially for developing countries, since one of the Round's fundamental objectives is to improve these countries' trading and development prospects. However, after four ministerial conferences and several high-level group meetings, the Round is still at an impasse and its outcome remains uncertain.

Under this framework, there is a particular group of developing nations that could benefit greatly of a positive resolution of the Doha negotiations. These are the poorest, weakest and most vulnerable countries of the international community. They were recognized by the United Nations in 1971 as a group requiring special support from developed nations, and classified as Least Developed Countries (LDCs).[1] Each of these countries face specific development challenges, however, they have one thing in common: they still remain marginalized in the global economy. It is, hence, crucially important for the LDCs to have free and easy access to international markets, since trade, being an important driver of development, can be very helpful in conquering poverty.

In May 2011 the Fourth United Nations Conference on the Least Developed Countries (LDC-IV) took place in Istanbul, Turkey. The outcomes of the summit were the Istanbul Declaration and the 10-year Istanbul Programme of Action (IPoA). In the Declaration, Government representatives and delegates of participating countries and agencies stated their commitment to assist LDCs in order to make at least 50 per cent of them "graduate" from their status by 2020. Furthermore, in the Ministerial Declaration,[2] LDCs made a strong call to World Trade Organization members to work more intensively on overcoming their differences in order to conclude Doha successfully, as well as to timely and effectively apply the duty-free and quota-free market access provisions for LDCs agreed in Hong Kong's WTO Ministerial Conference in 2005. These declarations are actually re-statements of previous commitments that remain unfulfilled: the Millennium Development Goals (MDGs) in

[1] Information on criteria and procedure on getting a status of the least developed country and on graduation process is available at http://www.unohrlls.org/en/ldc/164/ . The Committee for Development Policy, a subsidiary body of the UN Economic and Social Council, is – inter alia - mandated to review the category of LDCs every three years and monitor their progress after graduation from the category. The only three countries to have graduated out of the LDC category so far are Botswana, Cape Verde and Maldives. The next triennial review will be undertaken in 2012.

[2] Ministerial Declaration is available at http://www.unohrlls.org/UserFiles/File/LDC%20Documents/LDC%20Ministerial%20Declaration%202009%20-%20Website.pdf.

2000 (most relevant for trade issues being the MDG-8) and also the Brussels and Almaty Ministerial Declarations in 2001 and 2003, respectively.

Meeting the targets of the Developing a Global Partnership for Development (MDG-8) will ensure that development is inclusive as well as rule-based at a global level. One of the targets (8.A) of the MDG-8 clearly reflects the important role of trade for developing countries, including LDCs, while some others (i.e., 8.B and 8.C) advocate specifically LDCs, Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS), by setting goals addressing their particular development needs. One of the solutions explicitly mentioned in the Declaration, is to give them differential treatment, following a positive discrimination principle, in order for them to participate and benefit from a fairer trade system. The international community is, hence, demanding to see "a lot less statements and a lot more deliveries," as expressed by the Civil Society Forum at the closing of the UN LDC-IV Conference. Since then, the Eight Ministerial Conference of the WTO was held (15-17 December 2011) and some decisions in favour of the LDCs were agreed on (see Chapter II for more details), but otherwise the Ministers did not make any progress towards unlocking the impasse of the DDA. Instead, the highlight of the Conference was the accession[3] of the Russian Federation, Samoa and Montenegro and the adoption of the revised text of the Government Procurement Agreement, currently covering 42 WTO members.

But, is the conclusion of the Doha Round the only solution to the LDCs' economic marginalization? Are there any other realistic alternatives that could fast-track the elimination of the prevalent trade barriers to benefit LDCs? Over the past decade, tariff levels have kept on falling despite Doha Round's impasse, showing that plurilateral and bilateral preferential trade agreements are delivering results while multilateral negotiations have barely moved forward. This is raising important questions on the net benefits of the Doha package compared with those of the alternative arrangements.

However, as experience shows, free market access is a necessary but not sufficient condition to trigger LDCs' economic growth. These countries are facing specific problems that are deterring them from developing faster, more inclusively and sustainably, such as having poor infrastructure, lacking enough productive capacity or lacking relevant skills and knowledge to enforce the provisions of the WTO, and other trade arrangements and push further with economic, institutional and social reforms. In this scenario, even a successful conclusion of the DDA would not mean much for LDCs unless special support mechanisms are put in place. The international community has been working with two such mechanisms: Aid for Trade (AfT) and Enhanced Integrated Framework (EIF) for LDCs.

AfT started in 2006 and was established following the agreements of the Sixth WTO Ministerial Conference held in Hong Kong, China in 2005. It is an instrument to

[3] The accession packages were approved by the WTO members (while Vanuatu's accession terms were already approved at the end of October). It is expected that these countries will become members of the WTO 30 days after they notified the WTO that they have ratified the deal. This will increase a number of LDCs acceding to the WTO from 3 to 5 and with adding Russian Federation will improve the ratio of members to non-members within Asia-Pacific region to 32:17.

instruct and support governments of developing countries on using trade as a driver of development by tackling the most common problems that deter LDC's from effective participation in international trade. The last joint WTO-OECD monitoring report indicates that AfT "is playing a greater role in strengthening overall national competitiveness", as well as "facilitating and aiding regional integration". There is still a long journey ahead since AfT is still evolving, both in definitional and operational ways; however, several indicators show that it is moving in the right direction. Despite the global economic downturn, AfT disbursements increased 12.4% in 2009, compared with those of 2008. Furthermore, AfT is increasingly being included in the broad development agendas, and after the first evaluation reports, operational strategies and national development plans are being modified to achieve higher effectiveness in the delivery, alignment and use of AfT.

Similarly, the Enhanced Integrated Framework for LDCs was brought about in 2006 as a revised version of the multi-donor initiative established in 1997 under the name Integrated Framework. The core partner agencies in this programme are the International Monetary Fund (IMF), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the World Bank and the WTO. The EIF purpose is to create a genuine partnership among donors, core partner agencies, observer agencies, the Executive Secretariat and the Trust Fund Manager and other development partners who are supporting LDCs' own drive to in order to mainstream trade into national development strategies, set up structures needed to coordinate the delivery of trade-related technical assistance, and build capacity to trade, which also includes addressing critical supply-side constraints. LDCs can use the EIF as a vehicle to coordinate donors' support and to lever more AfT resources, whereas donors can sign up to the EIF as a vehicle to deliver on their AfT commitments.

The just concluded WTO Ministerial Conference placed high importance on discussing trade and development linkages and trade as the "driving force of development" was underscored in the Chairperson's Report. With this backdrop, the purpose of this monograph is to explore in what forms and under what conditions trade can be an effective driver of LDCs' development. Focusing on the 14 Least Developed Countries located in the Asia-Pacific region,[4] the study explores differences and impacts of different approaches available to the LDCs and their partners in improving their developmental prospects through enhanced trade. The rest of the study is organized as follows. Chapter I reiterates some truisms about the linkages between trade, trade liberalization and development. It also provides a statistical overview of the Asia-Pacific LDCs' performance in trade and investment since 2000. Chapter II provides a discussion on the various issues related to LDCs' enhanced market access through the multilateral process (such as the so-called Duty-Free and Quota-Free or DFQF package) or through the use of Generalized System of Preferences (GSP) provided unilaterally by developed and some emerging economies. A review of the

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[4]Maldives graduated in January 2011; however, since the statistics used in this monograph does not go beyond 2010, Maldives is still considered part of the LDCs group. The other 13 countries are, in alphabetical order: Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao People's Democratic Republic, Myanmar, Nepal, Samoa, Solomon Islands, Timor Leste, Tuvalu and Vanuatu. Hardly any statistical data exist for Timor Leste and thus it does not figure in statistical analysis here.

decisions from the Eight Ministerial Conference and the links to the Istanbul Programme of Action is made along with a review of a revised GSP schemes by China and India to align all actions seemingly undertaken to reduce or completely eliminate barriers to market access for the LDCs (most relevant export products). Measures of margins of preference and issues of erosion of preference are also explored. The severity of LDCs' position is further uncovered through analysis of Chapter III which investigates the impact of protectionist measures used in the aftermath of the global economic crisis in 2008 until present time on LDCs globally and also in Asia and the Pacific. The findings reveal that despite declared pledges of the developed countries towards free trade, and especially about providing enhanced market access to the LDCs, most LDCs were not spared from the protectionist measures. Moreover, leading emerging economies also imposed measures against the LDCs' commercial interests raising a question of the political commitment to South-South cooperation. While no LDC escaped unhurt by contemporary state protectionism, Asian LDCs, particularly Bangladesh's commercial interests have been hit very hard. Chapter IV studies interlinkages and interactions between the reciprocal trade liberalization through the WTO and preferential trade agreements from the perspective of the LDCs. An econometric exercise using an extended version of ARTNeT gravity dataset is done to determine the impact of WTO and PTA membership on the developed and developing countries, as well as LDCs' trade. Finally, Chapter V explores the role of AfT in enabling LDCs to utilize the opportunities from the increased preferential market access and integrate more effectively into the global economy.