

ESCAP Session
on
**Asia-Pacific LDCs'
graduation, trade and pandemic**

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*Keynote presentation
by*

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1. Context

- Istanbul Programme of Action (IPoA) for the Decade 2011-2020
 - Aims to enable half of the then 48 LDCs to meet the criteria for graduation
 - Four countries have graduated since UN LDCIV: Maldives (2011), Samoa (2014), Equatorial Guinea (2017) and Vanuatu (2020)
- 11 LDCs are in the graduation pipeline
- In December 2018 the United Nations General Assembly adopted [Resolution 73/242](#) on the “FOLLOW-UP TO THE FOURTH UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES”
“calls for further action in support of the development of LDCs, notes elements of progress and underlines persisting challenges, including infrastructure gaps, debt, climate change and disaster risks, and insufficient resources”

2. State of graduating LDCs in Asia-Pacific region

Table 1: Graduation Status of LDCs in Asia-Pacific Region

Country	Inclusion	1st meeting the graduation criteria	2nd meeting the graduation criteria	Scheduled to graduate
Afghanistan	1971	-	-	-
Bangladesh	1975	2018	-	2024
Bhutan	1971	2015	2018	2023
Cambodia	1991	-	-	-
Kiribati	1986	2012	2015	
Lao PDR	1971	2018	-	2024
Myanmar	1987	2018	-	2024
Nepal	1971	2015	2018	2024
Solomon Islands	1991	2015	2018	2024
Timor-Leste	2003	2015	2018	-
Tuvalu	1986	2006	2009	-
Vanuatu	1985	2006	2009	2020
Yemen	1971	-	-	-

- **6 out of 13 LDCs from Asia-Pacific region are in graduation pipeline; Vanuatu exited the LDC in December 2020**
- **Bangladesh, Lao PDR, Myanmar and Nepal have asked for 2 more years, i.e. till 2026. Timor Leste seeking deferment.**

2. State of graduating LDCs in Asia-Pacific region (contd.)

Table 2: High Trade Dependence of Asia-Pacific Graduating LDCs (2019)

No.	Graduating LDCs	Export	Import	Total
		(% of GDP)		
1	Bangladesh	13.0	19.5	32.5
2	Bhutan	23.5	38.8	62.2
3	Lao PDR	31.7	34.4	66.1
4	Myanmar	23.8	24.5	48.3
5	Nepal	3.2	40.3	43.4
6	Solomon Islands	29.0	37.1	66.1

Source: WTO & World Bank

2. State of graduating LDCs in Asia-Pacific region (contd.)

Table 3: Incomplete Structural Transformation of Graduating Asia-Pacific LDCs

No.	Graduating LDCs	Per Capita GDP	Investment-Savings gap	Fiscal Gap	Current Account Balance
		(in USD)	(% of GDP)		
1	Bangladesh	1,856	-2.5	-5.4	-1.1
2	Bhutan	3,316	-26.1	-1.1	-20.2
3	Lao PDR	2,535	n/a	-5.0	n/a
4	Myanmar	1,408	-2.6	-3.9	0.5
5	Nepal	1,071	-7.7	-4.6	-5.6
6	Solomon Islands	2,374	-9.6	-1.7	-9.7
Average		2,093	-9.7	-3.6	-7.2

Source: World Bank & IMF

3. COVID impact on Asia-Pacific graduating LDCs

Table 4: COVID-19 Cases in Asia-Pacific Graduating LDCs

No.	Country	Infection	Death	Infected per million	Death per million
1	Bangladesh	531799	8023	3229.1	48.7
2	Bhutan	855	1	1108.1	1.3
3	Lao PDR	41	0	5.6	0.0
4	Myanmar	137574	3062	2528.5	56.3
5	Nepal	269450	2001	9247.8	68.7
6	Solomon Islands	17	0	24.7	0

Source: Our World in Data (as of January 24, 2021)

3. COVID impact on Asia-Pacific graduating LDCs *(contd.)*

Table 5: Impact of COVID-19 on LDC indicators

Indicators	Impact
GNI per capita (GNI)	Negative impact
Under five mortality rate (U5MR)	Indirect small negative impact
Maternal mortality ratio (MMR)	Indirect small negative impact
Stunting prevalence	Indirect small negative impact
Gross secondary school enrolment	Negative impact
Gender parity index for gross secondary school enrolment	Negative impact
Adult literacy rate	Negative impact
Share of agriculture, forestry and fisheries in GDP	Indirect positive impact
Remoteness and landlockedness	Undefined
Export concentration	Undefined
Export instability	Negative impact
Share of population in low elevated coastal zones	No impact
Share of population in drylands	No impact
Agricultural instability	Negative impact

Source: UN-CDP

3. COVID impact on Asia-Pacific graduating LDCs *(contd.)*

Three transmission channels: Merchandise trade, Tourism, External finance

Table 5: Asia-Pacific Graduating LDCs' Quarterly growth in merchandise trade (2020)

Graduating LDCs	Exports				Imports			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
Bangladesh	0	-42	-8	-16	-3	-39	-14	-18
Bhutan	4	-2	-75	-37	44	-12	-27	1
Lao PDR	7	-15	13	1	-7	-21	-10	-13
Myanmar	13	-14	-6	-3	9	-15	1	-2
Nepal	3	-49	-6	-17	-2	-60	-22	-28
Solomon Islands	-24	-25	-19	-23	-32	-34	0	-24

Source: Collated by UN-CDP

3. COVID impact on Asia-Pacific graduating LDCs *(contd.)*

Double Dual Challenges Graduating LDCs

COVID impact
yet to be fully exposed

Addressing the incomplete
structural transformation

Pre-graduation support
measures

Post-graduation support
measures

4. Trade-related support for graduating LDCs

A. Trade related ISM are usually organised under three broad categories

I. Unilateral trade preferences (DFQF Waiver) in favour of LDCs

- Most preferential schemes do not include any specific smooth transition or phasing out mechanism for graduated LDCs, other than the EU and Turkey provide (for post graduation 3 years); for EU – additional 3 years.

II. Special and differential treatment in WTO Agreements and relevant decisions

- While some of these provisions (mostly General Council or Ministerial decisions) are in the form of best endeavor provisions, several are potentially significant from a development perspectives.

III. LDC-specific assistance facilities and funding mechanism

- The main channel of LDC-specific support is the Enhanced Integrated Framework (EIF). EIF offers support to graduated countries for a period of five years.
- Other facilities include, the Standards and Trade Development Facility (STDF), which requires lower co-financing requirement from LDCs for technical assistance, or WTO programmes.

4. Trade-related support for graduating LDCs (contd.)

B. LDC Treatment in Five WTO Agreements

1. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

LDC treatment:

- LDCs are exempted from implementing the TRIPS Agreement until 1 July 2021 (**General Transition Period**)
- LDCs also benefit from a specific and longer transition period from providing patent protection for pharmaceutical product, i.e. until 1 January 2033

2. Agreement on Agriculture (AoA)

- A change in **the periodicity of notifications** of domestic support measures (every year instead of every 2 years)
- Some impact, though limited, in terms of **accessing S&D treatment under export competition decision.**
- **Implementation period of export subsidies** may be affected.
- There could be some changes with respect to terms and **conditions for export financing support.**

4. Trade-related support for graduating LDCs

(contd.)

3. Agreement on Trade-related Investment Measures (TRIMs)

- Unless a new transition period is granted, all LDCs would need to comply with TRIMs obligations by the beginning of 2021.

4. Agreement on Subsidies and Countervailing Measures (SCM)

- LDCs and Members with a GNI p.c. below US\$1,000 (in 1990 dollars) are exempted from the prohibition of export subsidies

5. Trade Facilitation Agreement (TFA)

- For most LDCs (except Vanuatu and Angola), graduation will occur after the notification deadlines of LDCs are exhausted (by Feb 2025)

4. Trade-related support for graduating LDCs (contd.)

C. Proposals under consideration

- Measures to allow graduated LDCs, with GNP below USD 1000, benefits pursuant to Annex VII (b) of the agreement on **subsidies and countervailing measures** (April 2018)
- LDC group **fisheries subsidies** text proposal (March 2020)
- LDC communication titled Extension of the Transition Period under **TRIPS Article 66.1** (October 2020)

“As long as the member remains in the category of the least developed country and for a period of twelve years from the date of entry into force of a decision by the UN General Assembly to exclude the Member from the least developed country category.”
- **Draft Ministerial Decision** on smooth transition in favour of countries graduating from LDC category (November 2020)

5. Concluding thoughts

- Consolidating the support of the developing countries, securing the contribution of the developed countries
- Designing alternative trade measures – joining bilateral and regional FTAs
- Linking trade-related support to other impact areas (e.g. climate finance and IPR)
- Enhancing coordination between New York and Geneva (and Brussels): inter-governmental and inter-agency
- Political campaign till WTO MC12 and UN-LDC V

Thank You

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