

REGIONAL WORKSHOP ON LEAST DEVELOPED COUNTRIES AND LEVERAGING TRADE AS A MEANS OF IMPLEMENTATION FOR THE 2030 AGENDA

Session 3: Linking SDGs and Istanbul Programme of Action for the LDCs: Value of graduation and implication on achieving SDGs

2-4 August 2017
Thimphu, Bhutan

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About CUTS International

CUTS International (Consumer Unity & Trust Society) began its journey in 1983 in Rajasthan, from a rural development communication initiative, a wall newspaper Gram Gadar (Village Revolution).

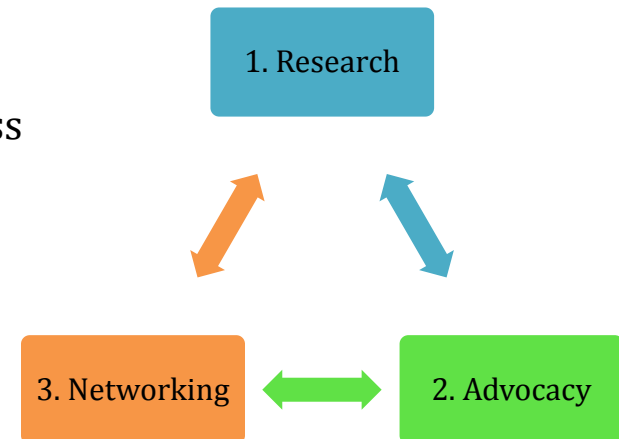
CUTS Mission

“Consumer Sovereignty in the Framework of Social Justice, Economic Equality and Environmental Balance, Within and Across Borders”

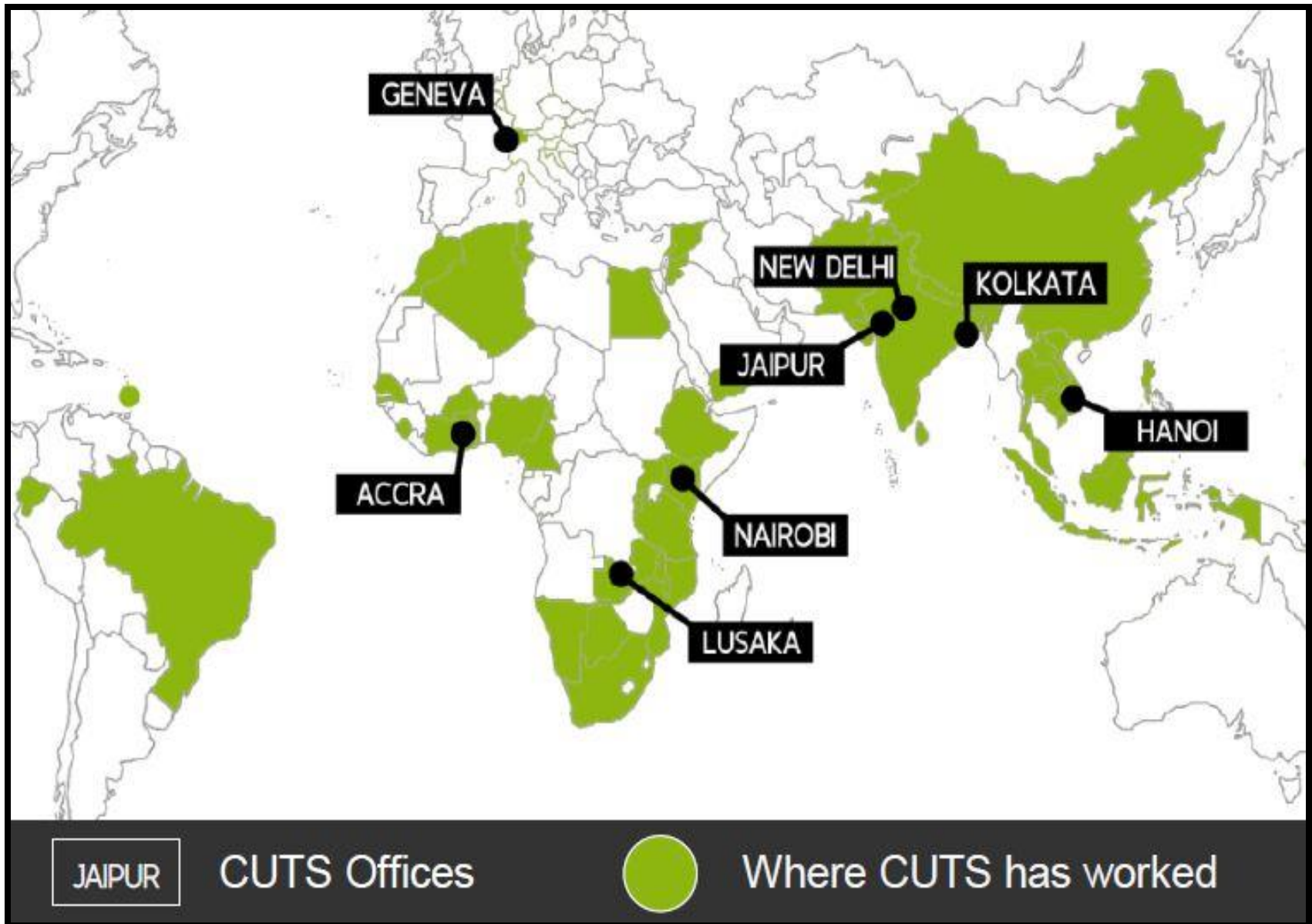
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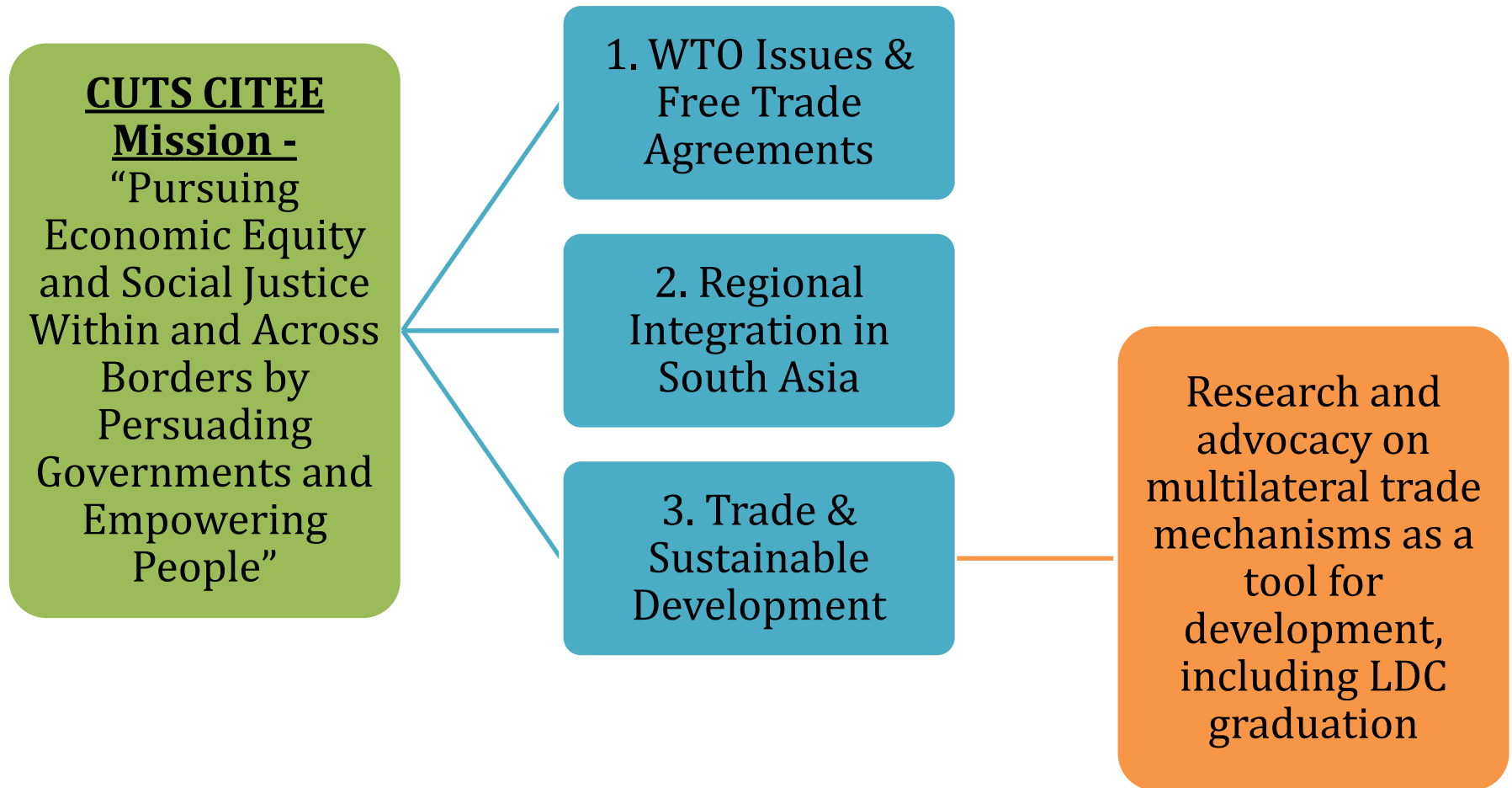
Modelled on evidence-based policy advocacy research



About CUTS International



About CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), India



Outline

- Brief introduction and background on trade and LDC graduation
- Income Criteria
 - Duty Free Quota Free
 - Trade Facilitation
 - Agriculture
- Human Asset Criteria
 - Intellectual Property Rights
 - Sanitary and Phytosanitary Standards
- Economic Vulnerability Criteria
 - Rules of Origin
 - Trade in Services
- Moving toward graduation and SDGs

Criteria for Graduation

Criteria	Measurement
Income	Based on a three-year average estimate of GNI per capita for the period 2011-2013, based on the World Bank Atlas method (under US\$1,035 for inclusion, above US\$1,242 for graduation as applied in the 2015 triennial review).
Human Assets	Human Assets Index (HAI) based on indicators of: (a) nutrition: percentage of population undernourished; (b) health: mortality rate for children aged five years or under; (c) education: adult literacy
Economic Vulnerability	Economic Vulnerability Index (EVI) based on indicators of: (a) population size; (b) remoteness; (c) merchandise export concentration; (d) share of agriculture, forestry and fisheries; (e) share of population in low elevated coastal zones; (f) instability of exports of goods and services; (g) victims of natural disasters; and (h) instability of agricultural production.

LDC	GNI Per Capita		HAI Index	EVI Index	Goods export growth in 2015
Afghanistan	\$672		43.1	35.1	+0.2%
Bangladesh	\$926		63.8	25.1	+6.5%
Bhutan	\$2,277		67.9	40.2	-5.8%
Cambodia	\$852		67.2	38.3	+24.8%
Lao PR	\$1,232		60.8	36.2	+4.0%
Myanmar	\$1,063		72.7	33.7	-0.2%
Nepal	\$659		68.7	26.8	-18.9%
Timor Leste	\$3,767		57.4	55.0	+16.4%
Graduation Threshold	GNI	GNI only	HAI	EVI	
	\$1,242	\$2,484	66 or above	32 or below	

Source: UN Development Policy & Analysis Division (data from 2015 Triennial); UNCTAD Stat

Country	Factors Attributable to Graduation
Botswana (1994)	<ul style="list-style-type: none"> • Economic policies guided by strong political leadership and implemented focussed on sustainable economic growth and diversification of the economy away from mineral industry • Development of nationwide telecommunications and ICT network • National development plans, including diversifying and developing production and exports • Exchange rate policies maintained stability for tradable sectors avoiding an overvalued currency • Membership in several bilateral and multilateral arrangements helped to reduce tariffs, improve import competition and increased market access
Cape Verde (2007)	<ul style="list-style-type: none"> • Accession to the WTO leading to legislative and regulatory transformation regarding public procurement, and tax and customs regime • Gradual tariff reductions with aim to increase government revenue and not protectionism • Adopting market-oriented and people-centred policies, private sector development, privatisation, promotion of investment - tourism, transport and telecommunication
Maldives (2011)	<ul style="list-style-type: none"> • Improved ease of doing business, promoting investment and trade facilitation • Support from EIF National Implementation Unit to the Ministry of Economic Development • New regulations in its services sector • Policies centred around economic diversification, enabling foreign direct investment
Samoa (2014)	<ul style="list-style-type: none"> • Revenue generated from tourism • Diversification of economy, improving tourism infrastructure, attracting FDI, gradual increase in privatisation • Strengthening the political and governance structure

Institutions and Mechanisms

- Aid for Trade
- Enhanced Integrated Framework
- UNCTAD
- Regional UN agencies – UN ESCAP
- Commonwealth Fund for Technical Co-operation
- WTO-WIPO Joint Initiative on Technical Co-operation for LDCs
- Generalised System of Preferences (US, EU, Japan)
- India's Duty Free Tariff Preference Scheme for LDCs
- Special and Differential Treatment provisions (e.g. technical assistance, flexible compliance and timeframes)
- Duty-free quota-free
- Trade facilitation
- Preferential rules of origin
- Sanitary and phytosanitary standards
- Intellectual property rights

Income Criteria

Duty Free Quota Free Market Access

- Potential with 100% DFQF access to expand LDC exports by almost 3%
- No direct evidence of improved GNP through DFQF
- However, some studies show DFQF benefiting export to GDP ratio compared with no DFQF
- Still not enough – LDCs need robust economic system or structural changes

Income Criteria

Trade Facilitation

- At-the-border and behind-the-border measures
- positively reducing transaction and transit costs and by creating a more trade-conducive atmosphere
- Fill in gap of LDC institutional capacity by harmonising equivalence assessments and quality and safety management system
- Structured S&DT provisions for LDCs taking into account capacity
- Still, good governance, regulation, and regional integration will be important to assist the TFA succeed, especially for LLDC

Income Criteria

Agriculture

- Agreement on Agriculture – financial and technical assistance
- Nairobi Ministerial Decision on Export Competition eliminated subsidies for farm exports - extended time for compliance till 2030 for LDCs
- LDCs still need greater and focused capacity building training and assistance (training and financial) in modernising their agricultural sector

Human Assets Criteria

Trade-Related Aspects of Intellectual Property Rights

- SDG 3 on health emphasises the right to use TRIPS flexibilities to enhance access to medicines
- TRIPS includes Article 66.2 - provision of 'technology transfer' by developed countries- and Article 67 - giving technical and financial assistance to LDCs
- Doha Declaration on TRIPS granted high discretion to LDCs for allowing compulsory licensing and parallel importation
- Assistance from developed countries still highly needed for capacity constraints, technology transfers, adapting to TRIPS-Plus pressure

Human Assets Criteria

Sanitary and Phytosanitary Standards

- Induce LDCs to invest in scientific-cum-technical skills building and knowledge dissemination activities – with right assistance
- SPS compliance requirements for LDC exporters could act as stimuli to effect changes in hygiene, health and sanitary standards in their production lines
- Need domestic establishment of better institutional and administrative frameworks to meet many SPS standards placed beyond LDC capacity

Economic Vulnerability Criteria

Rules of Origin

- Can increase stability in export production and merchandise export concentration
- Bali Decision on Preferential Rules of Origin for LDCs
- Simplified RoO can enable LDCs to move away from mere production of raw materials and up the supply chain

Economic Vulnerability Criteria

Services

- Skill-building opportunities can help in responding to shocks
- Value addition through services trade is greater than that through goods trade
- Stronger trading system in services survived and recovered better from the 2008 financial crisis
- Waiver request from GATS MFN provisions for LDCs:
 - national treatment restrictions
 - visa and permits
 - recognition of qualifications
- Cape Verde, Maldives and Samoa gave credit to the development of tourism and service industry for their graduation

Moving Toward Graduation and SDGs

- No clear path, but trade preference mechanisms clearly can benefit LDC exports and their economy
 - spill-over effects for HAI and EVI criteria and SDGs on health, infrastructure, decent work
- Discrepancies in international and national data
- Need to closely monitoring targets for graduation and SDGs to compliment achieving both goals
- International support measures must be designed to effect structural transformations and increase institutional capacity and efficiency – S&DT must be more than ‘best endeavour’
- Other important domestic factors for LDC graduation:
 - Good governance
 - Structural improvements
 - Supply-chain capacity
- Multilateral trading system also must provide for an effective legal system to address grievances and capacity support for LDCs

**Thank you
for your kind attention**