



Dialogue on **What did WTO-MC13 Deliver for the Graduating LDCs?** *Perspectives from Bangladesh*

Presentation by

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**WTO-MC13: Stance, Assessment of Outcomes and Required Actions from the
Perspectives of Bangladesh**

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Section 1: Backdrop of WTO MC13

- ❑ **WTO MC 13 took place in Abu Dhabi, UAE, on 26 February-01 March, 2024: MC 13 took place in the backdrop of a number of important developments for graduating LDCs**
- ❑ **LDCs are in the process of recovering from covid pandemic's adverse impacts.**
- ❑ **Negative impacts of Russia-Ukraine war on LDC economies.**
- ❑ **Many of the graduating LDCs, (in total 15 at various stages of graduation) remain susceptible to different types of vulnerabilities, prompting the CDP to review the prospects of graduation of some of these graduating LDCs.**
- ❑ **Rising Protectionism:** WTO monitoring reports suggest the number protectionist and trade restrictive measures in developed countries exceeding the number of liberalising and trade facilitating measures.
- ❑ **MC12 Decision:** “In this difficult context, we note with satisfaction the progress achieved by LDC Members who have met or who are about to meet the graduation criteria set by the United Nations Committee for Development Policy (CDP) and acknowledge the particular challenges that graduation presents, including the loss of trade-related international support measures, as they leave the LDC category. We recognize the role that certain measures in the WTO can play in facilitating smooth and sustainable transition for these Members after graduation from the LDC Category”.
- ❑ **LDC submissions as regards extension of LDC -specific ISMs and S&DTs for a time-bound period:**
 - Submission by Chad on behalf of the LDC group
 - Market Access: Annex 1
 - Other ISMs (S&DT provisions): Annex 2
 - Submission to the Council for Trade in Goods (CTG) : SCM (Annex VII)

Section 1: Backdrop of WTO MC13

- Growing divergence among major members as regards key negotiables: **Fisheries Subsidies; E-Commerce and Peace Clause** concerning Public Stock Holding, among others.
- Rise of the **Plurilateral Initiatives**
- **Large number of graduating LDCs**
- Bangladesh and other graduating LDCs are taking preparation towards smooth graduation. It was expected that **MC13 will come up with concrete measures** in support of sustainable graduation of the LDCs.
- Among graduated and graduating LDCs, **Bangladesh's concerns** as regards continuation of international support measures (ISMs) for graduating LDCs are relatively more acute because of the likely **disproportionately more** adverse impacts (e.g. loss of preference erosion; end of waiver as regards TRIPS and Public Health impacting the pharmaceuticals sector, export subsidies in eligibility to provide export subsidies).

Section 1: Backdrop of WTO MC13

Global Commitments: SDGs, DPoA, CDP Endeavours

It is pertinent to recall that UN recognizes LDC Graduation being ‘not a destination, but a milestone’ in the development journey of these countries.

- The **United Nations Inter-Agency Task Force (IATF)** on LDC Graduation Support was established by the Inter-Agency Consultative Group on LDCs in late 2017 with the goal to provide strengthened and coordinated UN system-wide support to countries preparing to graduate from the LDC category.
- The IATF is **geared to enable smooth and sustainable transition** which would not disrupt the trajectory of graduating countries’ development.

Section 1: Backdrop of WTO MC13

Global Commitments: SDGs, DPoA, CDP Endeavours

- The SDGs, particularly **SDG 17 on Global Partnership**, urged developed countries to work towards raising the share of LDCs in global exports, reducing remittance cost and working towards delivery of the WTO Doha Round commitments.
- The **Doha Programme of Action (DPoA) at LDC V** (5-9 March, 2023) urged UN members to come up with concrete measures in support of graduating LDCs in the form of extension of preferential market access and other S&DT provisions, and aid and technical and financial support. The DPoA urged for appropriate predictable and additional incentives and support measures for graduating and recently graduated countries and to mobilize additional international support for the implementation of the smooth transition strategies.
- The **DPoA invited all relevant United Nations entities** to collaborate under the inter-agency task force and develop **operational guidelines** for their support to LDCs, including **assistance to graduating countries**.
- The DPoA welcomed the establishment of a **Sustainable Graduation Support Facility** (iGRAD), a global facility set up by the OHRLLS and the UN-DESA, thanks to the initiative of the CDP in view of LDC V in Doha.

Section 1: Backdrop of WTO MC13

Global Commitments: SDGs, DPoA, CDP Endeavours

- It is also to be recalled that many of the earlier WTO Ministerial Decisions pertaining to providing multilaterally-agreed preferential market access (MC 6 in Hong Kong in 2005); services waivers (MC 8 in Geneva in 2008); LDC Package (MC 9 in Bali, 2013); flexible rules of origin (MC 10 in Nairobi, 2015); etc. were not fully implemented and graduating LDCs are getting out of the group **before they were able to enjoy many of the promised benefits.**
- In this backdrop, **it was expected that MC13** would come up with adequate measures in support of smooth, sustainable and **irreversible graduation of graduating LDCs.**
- However, the discussions and **negotiations during the period between MC12 and MC13** left much to desire when juxtaposed against the above.
- In this backdrop, the expectations of the graduating LDCs in view of WTO MC13 was rather muted.

Section 1: Backdrop of WTO MC13

Bangladesh's Concerns in view of negotiations at WTO MC 13

- **Submission of the LDC group** as regards Annex-1 and Annex-2 concerning support to graduating LDCs.
- **Fisheries Subsidies:**
 - LDCs are exempted from the disciplines
 - Timeline of exemption from obligations for graduating LDCs
 - 0.8% 'de minimis' threshold for enjoying flexibilities .
- There was a **request not to subject LDCs and NFIDCs with export restrictions** (Bangladesh is yet to be included in the category of Net Food Importing Developing Countries -NFIDCs)
- Stance with regard to **E-Commerce moratorium**
- Peace Clause in **PSH Agriculture**
- **G-90 Submissions on strengthening S&DT provisions** in WTO Agreements
- **Stance as regards plurilateral Initiatives:** Investment Facilitation for Development (IFD); Services Domestic Regulations and Other plurilaterals; Fossil Fuel Subsidies Reform (FFSR); Trade And Environmental Sustainability Structured Discussions (TESSD); Dialogue on Plastics Pollution; Environmentally Sustainable Plastics Trade; Joint Initiative on E-commerce.
- **WTO Reforms and revitalising the Dispute Settlement Mechanism (DSM).**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Graduating LDC Issues as Reflected in WTO-MC13 Decision

- **MC 13 exposed deep fissures** and acutely divergent views as regards majority of the issues on the negotiating table. US EU, India, China, South Africa took strong stance as regards a number of issues, in a combination of variable geometry. The Ministerial, in the end, had to be extended by a day, to reach a consensus-based outcome.
- **The Bangladesh delegations, led by the HSM for Commerce**, took an active part in a number of Green Room and Working Group discussions at MC13, as also by way of holding bilateral discussions with a number of important partner countries, to address the particular concerns of Bangladesh as a graduating LDC.
- While MC13 outcome document did address some of the demands and concerns of the graduating LDCs, this was **partial and failed to meet the expectations** of graduating LDCs. Some were deferred for further discussions down the line, and for the next Conference, **MC14, to be held in Cameroon.**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Graduating LDC Issues as Reflected in WTO-MC13 Decision:

- There was an **early harvest** on LDC graduation in October, 2023 which was endorsed by the WTO General Council. Members have been encouraged to provide smooth and sustainable transition period before withdrawing DFQF preferences for graduating LDCs.
- MC13 welcomed the General Council decision as regards support to graduating LDCs:
“To encourage those Members that graduate or remove countries from unilateral tariff or duty-free and quota free (DFQF) preference programmes reserved for least developed countries (LDCs) based on their being graduated from the UN list of LDCs, to provide a smooth and sustainable transition period for withdrawal of such preferences after the entry into force of a decision of the UN General Assembly to graduate a country from the LDC category.”
- A Member that graduates from the LDC category shall continue to benefit from the application of the Special Procedures Involving LDCs set out in Article 24 (**‘Due Restraint Provision’**) of the Dispute Settlement Understanding for a period of three years after the date on which the decision of the UN General Assembly to graduate that Member from the LDC category becomes effective.

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Graduating LDC Issues as Reflected in WTO-MC13 Decision:

- A Member that graduates from the LDC category shall continue to be eligible for LDC specific technical assistance and capacity building provided under WTO's Technical Assistance and Training Plan **for a period of three years** after the date on which the decision of the UN General Assembly to graduate that Member from the LDC category becomes effective. The participation of existing LDCs shall be prioritized in activities under this plan.
- The Sub-Committee on LDCs, under the guidance of the General Council, shall continue its **work on the remaining provisions listed in Annex 2** of the document WT/GC/W/807/Rev.2, including Annex VII of the Agreement on Subsidies and Countervailing Measures (ASCM), which are not addressed by the present decision or the General Council Decision WT/L/1172, with a view to making recommendations, **if any**, by December 2024.
- **The General Council shall report to the Fourteenth Ministerial Conference on progress.**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Decision (or lack of it) as regards Other Issues of Concerns to Bangladesh

E-commerce Moratorium Decision:

- We agree to continue **to re-invigorate the work under the Work Programme on Electronic Commerce**, based on the mandate as set out in WT/L/274, and with particular focus on its development dimension, taking into account the economic, financial and development needs of developing and least-developed country Members.
- We **agree to engage** on the main trade-related challenges faced by developing and least-developed country Members in the **development of their digital economy**, including the need for training and technical assistance, and, as a priority, identify gaps in support of addressing the digital divide, including for micro, small and medium-sized enterprises to realize the potential of the digital economy.
- We instruct the General Council to hold **periodic reviews on the Work Programme**, including based on reports that may be submitted by the relevant WTO bodies, with a view to presenting recommendations for action to the next Session of the Ministerial Conference.
- We **agree to maintain the current practice of not imposing customs duties on electronic transmissions until the 14th Session of the Ministerial Conference or 31 March 2026, whichever is earlier. The moratorium and the Work Programme will expire on that date.**
- E-Commerce moratorium has emerged as a key issue for making overall progress in the WTO negotiations and a **bargaining chip** for negotiation on other issues.

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Decision (or lack of it) as regards Other Issues of Concern to Bangladesh

WTO Reforms

The ministers **reaffirmed their commitment made at MC 12** to work towards necessary reform of the WTO to improve all its functions and acknowledge the progress made in this regard. They noted and valued the work done to date to improve the daily functioning of WTO Councils, Committees and Negotiating Groups with a view to enhancing the WTO's efficiency, effectiveness, and facilitation of Members' participation in WTO work. **They instructed the General Council and its subsidiary bodies to continue to conduct this work and report progress as appropriate to the next Ministerial Conference.**

Dispute Settlement Mechanism

- Recalling our commitment made at our Twelfth Session to conduct discussions with the view to having a fully and **well-functioning dispute settlement system accessible to all Members by 2024**, we take note of the works done thus far.
- We instruct officials to accelerate discussions in an inclusive and transparent manner, build on the progress already made, and work on unresolved issues, including issues regarding appeal/review and accessibility to **achieve the objective by 2024 as we set forth at MC12.**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Decision (or lack of it) as regards Other Issues of Concerns to Bangladesh

Special And Differential Treatment Provisions Of The Agreement On The Application Of Sanitary And Phytosanitary Measures And The Agreement On Technical Barriers To Trade:

- **At MC13, members agreed on an outcome on S&DT negotiations. While the outcome lacks any tangible substance, it carries a symbolic message on development.**
- Request improvements in training and technical assistance provided under the WTO Technical Assistance and Training Plan to assist developing Members, including LDCs, to overcome the challenges they face in timely engagement on SPS and TBT matters.
- Request improvements to the existing compilation of comment periods given by Members in their notifications with respect to SPS and TBT measures, including providing any available information, in collaboration with Members, about extensions to comment periods.
- Instruct officials to **continue work in the CTD SS, the SPS Committee and the TBT Committee**, towards enhancing the implementation of S&DT for developing Members, including LDCs, in the SPS and TBT Agreements and report on **any progress by December 2024**.
- Instruct officials to continue to work on improving the application of S&DT in the CTD SS and other relevant venues in the WTO, as agreed and **report on progress to the General Council before MC14**.

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Other Issues of Concerns to Bangladesh

- **Services Rules: New disciplines on good regulatory practice for services trade to enter into force.** This is geared to simplify trade in services and promote clear, predictable and effective authorization procedures. Through this decision, the plurilateral agreement (with participation of 72 WTO members, including two LDCs) **has now been multilateralised.**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

❑ What could not be agreed upon?

Fisheries subsidies: No agreement could be reached because of acutely divergent views.

- Developing countries commented that the draft favored the big fishing industries in the guise of ‘Sustainable Fishing’: measures to maintain fisheries at “**biologically sustainable level**”.
- India wanted **25-year moratorium** on undertaking any discipline.
- **Graduating LDCs wanted additional flexibilities for a time-bound period.**

Peace Clause on PSH: Agreement could not be reached particularly because of India’s strong position.

- India was adamant about making the Peace Clause permanent. India wants the reference period for calculation of support **(1986-88) to be updated.**
- Developed countries wanted discussion on **Peace Clause to be part of overall discussion on agriculture reforms.**

Section 2: Outcomes of WTO-MC13 and Graduating LDCs

Increasingly Divergent Stance with Regards to Plurilateral Initiatives:

- Many developing countries and some LDCs are participating in plurilateral discussions. Excepting IF, majority of LDCs are not taking part. **Bangladesh is not participating in any.**
- **India is not participating** in any plurilateral discussion while China is an active member in many.
 - **Investment Facilitation for Development (IFD):** 25 LDCs and many developing countries including China
 - **Fossil Fuel Subsidies Reform (FFSR):** 1 LDC, many developing countries
 - **Trade And Environmental Sustainability Structured Discussions (TESSD):** 2 LDCs and many developing countries including China
 - **Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade:** 3 LDCs and many developing countries including China
 - **Joint Initiative on E-commerce:** 4 LDCs and many developing countries including China
 - **Initiative on Services Domestic Regulation:** 2 LDCs and many developing countries including China

Section 3: An Assessment of Outcome from Bangladesh's Perspectives

- That there was a Ministerial Decision at MC 13 should be seen as a **welcome news** by Bangladesh.
- For relatively weaker economies, a rules-based, multilateral trading system, sensitive to developmental dimensions of trade, **serves their interests and addresses their concerns best**.
- While not meeting the expectations of the graduating LDCs fully, the MC 13 Decision **does contain several paras** that mention, and to some extent address, the special needs of the graduating LDCs.
- The decision with regard to market access preferences for graduating LDCs **opens the door for extension of preferential market access** beyond graduation. However, the formulation is in the form of 'best endeavour'. Continuation of preferential access will need to be negotiated bilaterally with preference-offering countries. Also, those countries which do not have schemes based on the UN LDC list (for example, the U.S.A) will remain outside of this decision.
- With regard to Annex 2, the decision of MC13 concerns **only technical assistance, and capacity building** support but not the other ISMs in Annex 2, in total 10, which also include extension of the TRIPS transition period, Services Waiver for LDCs, LDC exemption from prohibition of export subsidies for non-agri products, Notification period in agriculture (now every two years which is going to be one year following graduation).

Section 3: An Assessment of Outcome from Bangladesh's Perspectives

- There was **no decision with regard to extension of TRIPS and Public Health and TRIPS Agreement waivers** for LDCs to be applicable to the graduating LDCs for a time-bound period: July 1, 2034 (General); January 1, 2033 (for Pharmaceuticals)
- **There was no agreement on Fisheries Subsidies.** Future discussions will show to what extent the concerns of graduating LDCs have been reflected in any Agreement on Fisheries Subsidies, if at all.
- **No mention was made as regards not putting export bans** concerning trade with LDCs and graduating LDCs.
- The MC13 Decision **failed to reflect** the SDG 17 spirit, Doha Program of Actions adopted at LDC V Summit and the CDP proposals as regards support towards sustainable LDC graduation.

Section 4: Attendant Tasks for Bangladesh in Going Forward

- **Bangladesh will need to walk on three legs:** as an LDC, as a graduating LDC and as a future developing country.
- **There is no group called graduating LDCs in the WTO.** So, Bangladesh (as also other graduating LDCs) will need to work in tandem and in solidarity with the group of LDCs.
- However, **Bangladesh has specific interests as a graduating LDC** in the form of time bound extension of LDC-specific ISMs and in the form of any new measures (graduation support fund; debt waiver; technical and financial support towards sustainable graduation).
- As a key player in the LDC group, Bangladesh it will need to **take the lead** in pursuing and advancing the interests of graduating LDCs, with support from LDC group, in cooperation with developing WTO members and by pursuing the developed country members.

Section 4: Attendant Tasks for Bangladesh in Going Forward

- As a future developing country, Bangladesh will need to take an active role in all future negotiations in Geneva, to be held before MC14 in Cameroon sometime in 2026, by taking the lens of a graduating LDC and a future developing country:
 - Remaining elements of LDC graduation proposal: Bangladesh should take active interest in **pursuing Annex 2** proposals in future negotiations (Extension of TRIPS Transition Period; Continuation of export subsidies for non-agricultural products; frequency of notification obligations).
 - **Inclusion in the NFIDC list:** Will entail application with evidence
 - **Fisheries Subsidies: Embed concerns of graduating LDC; Raising of de-minimis.**
 - **WTO Reforms and Dispute Settlement Mechanism:** Secure development dimensions of the multilateral trading system.
 - **Agriculture Reforms:** Bangladesh's agri-subsidies are way below the 10 p.c. de-minimis threshold. However, it has reasons to support the PSH proposal.
 - **E-Commerce:** Bangladesh's offensive interests are stronger than its defensive interests. We need to remain engaged in the discussion to be held in Geneva.
 - **Implementation of S&DT Provisions for Developing Countries:** It is to be noted that out of the 183 S&DTs under 16 major WTO agreements, 25 are LDC-specific while the rest 158 relate to the interests and concerns of developing country members of WTO.

Section 4: Attendant Tasks for Bangladesh in Going Forward

- Bangladesh will need to take a **decision on whether to take part in the Plurilateral Initiatives**. Many LDCs, for example, are taking part in IFD plurilateral discussions. Taking part has two advantages: will enable to embed graduating LDC concerns and have a say in discussions on proposed rules, regulations and disciplines.
- Bangladesh will need to actively pursue bilateral **Free Trade Agreement (FTAs) and Comprehensive Economic Partnership Agreements (CEPAs)** to secure its trade interests and address issues of loss of competitiveness originating from erosion of preferences. However, this will entail full *reciprocity* (or, at best, *less than full reciprocity*).
- Signing bilateral trade agreements will require **undertaking reforms**; institutional strengthening; human resource capacity building; measures to translate comparative advantages into competitive advantages; triangulation of trade, investment and transport connectivity towards strengthened regional corporation; setting up production networks and regional value chains.
- Bangladesh will need to **vigorously pursue bilateral discussions** with preference providing countries which are yet to commit to extension of preferences (Canada, Japan, South Korea, India, China and others). These need not be limited to receiving preferences for an additional period of three years only.
- Bangladesh will need to prepare adequately in view of the **GSP plus concerns** as regards the ceiling on EU GSP imports, rules of origin and obligations concerning labour rights, CO2 emission, and environmental standards, gender inclusivity and sensitivity, good governance and others.

Section 4: Attendant Tasks for Bangladesh in Going Forward

➤ Bangladesh should make best use of supports already provided to graduating LDCs

Programme	Area of support and the provider	Extension period after graduation
EIF	Trade-related capacity building multi-donor support managed by the United Nations Office for Project Services (UNOPS)	5 years
UN Capital Development Fund (UNCDF)	Finance-related support for the LDCs	3 years + 2 years on an equal cost-sharing basis
LDCF	Climate fund operated by Global Environment Facility (GEF)	Projects approved before graduation would be funded
UN Technology Bank for LDCs	Information and communication technology (ICT) and knowledge sharing platform	5 years
International Development Law Organization (IDLO) pro-bono legal support	On-demand legal and professional assistance to LDC governments	5 years
UN travel support for General Assembly sessions	Travel support fund extended by UN agencies	3 years

Sources: Based on UNOHRLLS (n.d.)

- **Relevant GoB bodies, including the MoC, have already taken a number of initiatives towards sustainable LDC graduation of Bangladesh. Time-bound concrete actions will need to be taken towards incrementation of the identified actions.**

Thank You



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