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Post-MC11 Trade Agenda for the Least Developed Countries

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Abstract

The prolonged deadlock of the Doha Development Agenda (DDA), the rise in various plurilateral (joint) initiatives, the weakening of the World Trade Organization's (WTO's) dispute settlement mechanism and the intensifying trade war between the world's largest economies testify that the tenets of multilateralism at the WTO remain at stake. The 11th Ministerial Conference (MC11) of the WTO, held in Buenos Aires in December 2017, failed to deliver any constructive multilateral outcomes or provide any new direction to issues pertinent to Least Developed Countries (LDCs). By situating the WTO in this context, the paper examines the Doha mandate in the light of the MC11 outcomes, particularly from the vantage point of LDCs. It explores the emerging 'new' issues in the WTO in the context of LDCs' concerns and enquires into how consistent the global trading regime is with the Sustainable Development Goals' ambitions. Drawing on the negotiations and other developments that transpired in the run up to MC11 and thereafter, the paper underlines four core directions to be considered while giving shape to a revamped LDC agenda. First, the de facto dissolution of the DDA entails that LDCs pick the issues from the Doha Agenda with the most potential, such as sectoral issues. Second, the LDC group should strategically remain engaged with the new issues, particularly in negotiations on fishery subsidies and e-commerce. Third, as regards governance and structural issues, LDCs need to marshal their strength against any attempt to weaken the dispute settlement system, and need to take a strategic approach to find a balance between Doha Round negotiations and plurilateral discussions. Finally, the LDCs should strengthen Aid for Trade inputs to ensure their smooth and sustainable graduation out of the LDC group.

JEL Classification: F6, F13, F35

Keywords: least developed country, WTO, Doha Development Agenda, MC11

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1. Introduction

The international trading system centred on the World Trade Organization (WTO) is experiencing a turbulent time. The 11th Ministerial Conference (MC11) of the WTO, held in Buenos Aires on 10–13 December 2017, failed to provide any respite from the situation obtaining, with the conference ending with no ministerial declaration. The emerging situation is further complicated by the complex currents and counter-currents underpinning the overall global trade scenario. It is in this context that the least developed countries (LDCs)—an internationally defined group of highly vulnerable and structurally constrained economies—are struggling to consolidate and advance the cause of their offensive and defensive trade interests.

The paper, in view of the above, seeks to do the following:

- assess the Doha mandate in the context of the MC11 outcomes, particularly from LDC perspectives;
- explore the emerging issues in the WTO in the context of LDCs' concerns and interests; and
- inquire into how consistent the evolving global trading regime is with the ambitions of the Sustainable Development Goals (SDGs).

The paper finally argues for designing a revamped trade agenda for the LDCs to pursue their core objectives given the de facto dissolution of the Doha Development Agenda (DDA), the emergence of various plurilateral (joint) initiatives, the weakening of the WTO's dispute settlement mechanism and disparate signs of recovery of global trade foreshadowed by a possible trade war involving the largest economies of the world.

2. The emerging global trade scenario

Notwithstanding the overall negative assessment, one may locate a number of positive developments in the global trading environment. We mention a few of those below.

- **Continued robust trade growth:** according to the WTO's recent estimates, trade growth in 2018 is expected to be between 3.1 per cent and 5.5 per cent, with growth moderating to 4.0 per cent in 2019 (WTO, 2018a). While this suggests continued momentum in trade growth, rising protectionism and uncertainties in the global trading regime may undermine the current scenario.
- **Trade Facilitation Agreement (TFA):** in a landmark movement, the Trade Facilitation Agreement—which called for the simplification, modernisation and harmonisation of export and import processes—entered into force in February 2017 after being ratified by two-thirds of the WTO members. Complete implementation of the TFA is expected to benefit the poorest nations the most. According to a 2015 WTO study, TFA could lower trade costs by 14 per cent and enhance global trade by nearly US\$1 trillion per year, with LDCs gaining from a 35 per cent surge in exports (WTO, 2015a). Concurrently, the TFA is also expected to reduce the time required to import goods by over a day and a half, and that required to export goods by almost two days, reducing the current averages by 47 per cent and 91 per cent respectively (WTO, 2015a).
- **WTO Trade-related Technical Assistance:** the final report on this theme, published in the October 2016 external evaluation reported that WTO's technical assistance activities were to a large extent effective in enhancing the capacity of developing countries to comply with multilateral trade rules and trade negotiations (WTO, 2016).
- **ICC-WTO Small Business Champions' initiative:** the proportion of trade carried out by micro-, small and medium-sized enterprises (MSMEs) in developed, developing and least developed countries remains substantially low. Hence, aiding more MSMEs to trade internationally is a crucial step towards a more inclusive trading system,

thereby benefiting a wider population. In this regard, a joint initiative was launched in August 2017 by the WTO and the International Chamber of Commerce (ICC) in order to provide a platform for companies and private sector organisations around the world to propose pragmatic ideas aimed at increasing participation by MSMEs in international trade (WTO, 2017a).

- **Emerging trade deals amidst protectionism:** the Comprehensive Economic and Trade Agreement, a free trade deal between the European Union (EU) and Canada, came into effect in September 2017. In addition, the EU and Japan came to a new free trade agreement in 2017, known as the Japan–EU Economic Partnership Agreement (JEEPA), strongly signalling a movement against growing protectionism. Although such deals are being made outside the ambit of the WTO, these adhere to WTO principles and are compatible with the General Agreement on Tariffs and Trade (GATT) Article as regards regional trading arrangements.
- **Mini-ministerial in New Delhi:** a meeting of trade ministers and officials was held in New Delhi on 19–20 March 2018, which came out very strongly in support of the multilateral trading system. The participants came out in favour of the WTO and emphasised the importance of achieving progress on the DDA, particularly on issues such as agriculture, fishery subsidies and domestic regulation in services. They agreed to work together to address the differences on the basis of ‘pragmatic and flexible options’ (ICTSD, 2018a).

Yet, as the following paragraphs will show, the negative trends in the global trade environment are quite deep and pervasive.

- **Trump administration:** drawing severe criticisms worldwide, President Donald Trump announced his intentions to pull the USA out of the 2015 Paris Climate Change Agreement in June 2017, claiming that the agreement will ‘undermine [the US] economy’ and that ‘put [the USA] at a permanent disadvantage’ (Trump, 2017). Such a move clearly leaves a significant gap in the climate aid promised to developing countries, lessening the universality of the agreement and weakening collective efforts towards mitigating the detrimental effects of climate change. Moreover, the decisions of the US administration to abandon the Trans-Pacific Partnership (TPP), a major deal of the USA with Japan and other Pacific Rim nations, and to renegotiate key trade agreements such as the North American Free Trade Agreement (NAFTA) have led to uncertainties about the future of the global trading regime. The Trump administration is initiating legislative procedures, entitled the Fair and Reciprocal Tariff (FART) Act (United States Fair and Reciprocal Tariff Act, 2018), to strengthen the power of the President in trade-related matters, which will give him powers to ignore US obligations in the WTO. Such moves are emblematic of a shift in the global economy towards protectionism and economic nationalism.
- **Brexit:** following months of negotiations, the UK and the remaining 27 EU Member States reached a political consensus in March 2018 that will steer the next phase of transition of the UK. While the 130-page joint legal text encompasses various pertinent issues such as the UK’s access to the EU’s single market, its financial commitments to the EU and the rights of EU citizens in the UK, many areas need further clarification and thus entail further negotiations (ICTSD, 2018b). The UK and EU are yet to renegotiate the terms of a trade arrangement for the post-transition period.
- **Qatar-Gulf crisis:** the Qatar-Gulf crisis began in June 2017 after Saudi Arabia, the United Arab Emirates (UAE), Bahrain and Egypt accused Qatar of advocating terrorism and cut off diplomatic relationships with it. They not only withdrew ambassadors but imposed trade and travel bans, leading to land, sea and air embargoes on Qatar. As the diplomatic crisis persists, Qatar has recently taken matters to the International Court of Justice (ICJ), the UN’s highest court, to resolve issues of ‘human rights violations’ committed by the UAE on Qatari citizens (Aljazeera, 2018).
- **Lack of clarity in the Hamburg Declaration as regards DDA:** the G20 leaders, who met on 7–8 July 2017 in Hamburg, opted for ‘reciprocal and mutually advantageous trade and investment frameworks’ rather than the overarching ‘developmental’ objectives of the DDA (Kanth, 2017a). There was no

clarity in the Hamburg declaration on what was to be attained in MC11, which was less than six months away at the time. Moreover, there was uncertainty regarding whether or not the mandated issues such as the permanent solution for public stockholding programmes or other unresolved Doha issues would be pursued. In the end, this indecision got reflected in MC11's outcome.

- **Escalating trade tensions:** the USA has been reconsidering its trade terms with China and several other countries, with its 'America First' policy on the grounds of national security and protection of domestic industries. The USA and China have

announced hundreds of billions of dollars' worth of trade tariffs on each other's key exports, a tit-for-tat standoff that experts say will only undermine growth, harm jobs and derail the steady global economic recovery. In tune with the global shifts in tariffs, global trade could fall by up to 3 per cent, with global growth decreasing by nearly 1 per cent (ECB, 2018). The EU and Canada have also taken retaliatory counter-measures against the USA. Further, India, a collateral victim, has now imposed retaliatory tariffs on 20 items of import from the USA (*Times of India*, 2018). The trade war is likely to intensify in the coming months

3. MC11 outcome and Doha issues

Most of the remaining elements of the DDA remained unresolved, as MC11 failed to deliver any constructive outcomes in the key areas of agriculture—including a permanent solution for public stock holding for food security—domestic support, and special and differential treatment (S&DT). All these issues have significant development implications for LDCs.

3.1 Agriculture

Limited progress was made as regards any substantive outcomes on agriculture. Members failed to attain consensus language on future work following the USA's opposition to a draft text on agriculture that was issued by the facilitator on agriculture at MC11. The USA underlined the need for countries to be more transparent about current policies. The USA held that more transparent notifications on agricultural domestic support were a precondition for any further negotiations. With no progress to speak of on agricultural issues, the focus of negotiations eventually shifted to how to structure the work programme on agriculture after the Buenos Aires Ministerial Conference.

3.2 Public stockholding for food security

In the run up to MC11, various proposals were presented to redress the problem facing a number of developing countries that were at the risk of violating WTO rules on domestic

support, since their public stockholding (PSH) programmes offered market price support to domestic producers. At the Bali Ministerial Conference in 2013, WTO ministers decided to temporarily safeguard these programmes from any challenge until a permanent solution was attained through the so-called peace clause. However, as the USA continued to refuse to agree to any permanent accord on PSH programmes, MC11 saw negotiations getting bogged down by conflicting views held by the USA on the one hand, and India, China, South Africa and others on the other. The latter demanded a permanent solution for their PSH programmes and the attendant concerns. The USA also objected to the idea of dedicated negotiating tracks on PSH and the special safeguard mechanism (SSM), claiming that the mandate for future work should be Article 20 of the Agreement on Agriculture, which commits countries to pursue the reform process that was initiated under the Uruguay Round (ICTSD, 2017).

3.3 Domestic support

The draft on agricultural outcomes also covered concerns related to domestic support for agriculture and also the subsidies on cotton. It was proposed to continue negotiations after MC11 with the aim of imposing additional proportionate restraints on trade-distorting domestic support

by exploring different approaches, based on current and future proposals from the members. Such approaches included the introduction of an overall limit on trade-distorting domestic support and reduction of aggregate measure of support entitlements, with special and differential treatment entitlements as an integral part of the negotiations. The draft suggested that ‘members shall strive to use less trade-distorting forms of domestic support’ and ‘shall consider the effects of trade-distorting domestic support on other members’ (Kanth, 2017b).

3.4 Special and differential flexibilities

There was no focus on the DDA and S&DT flexibilities in supporting the LDCs and developing country members. In the light of the draft on agriculture, the USA categorically opposed a clause referring to special and differential treatment for the developing countries in the form of longer implementation periods for less onerous commitments (ICTSD, 2017).

3.5 Trade-Related Aspects of Intellectual Property Rights

Regarding Trade-Related Aspects of Intellectual Property Rights (TRIPS) non-violation and

situation complaints, the ministerial decision included WTO members taking into account the work undertaken by the Council for Trade-Related Aspects of Intellectual Property Rights in accordance with the Decision of 19 December 2015 on ‘TRIPS Non-Violation and Situation Complaints’ (WT/L/976) (WTO, 2015b). Members agreed to continue examining the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 and make recommendations to the next MC in 2019, and agreed not to initiate such complaints under the TRIPS Agreement in the interim period (WT/L/1033) (WTO, 2017b).

3.6 Joint statements in support of WTO negotiations

At MC11, WTO members in various combinations of countries pledged to continue discussion on a number of key issues on the agenda. Some of the LDCs, such as Afghanistan, Myanmar and the Lao People’s Democratic Republic, were also party to these statements (Table 1). The Enhanced Integrated Framework (EIF) Global Forum on Inclusive Trade for LDCs held in Geneva on 13–14 June 2018 also

Table 1. Post-MC11 milestones

| Milestone | Number of participating countries | Subject and outcomes relevant to WTO and international trade |
|--|---|--|
| India’s mini-ministerial | 50 | Emphasised the importance of achieving progress on Doha Issues, discussed joint initiatives, and stressed the need for all negotiations at the WTO to follow the fundamental principle of multilateralism |
| Fishery subsidies meetings | ^c | Draft agreement on restriction of subsidies contributing to overfishing and illegal, unreported and unregulated fishing |
| Charlevoix G7 summit (2018) ^a | 19 ^b (LDC invited guests: Bangladesh, Rwanda, Senegal) | Endorsed the rules-based international trading system and emphasised the importance of bilateral, regional and plurilateral agreements being open, transparent, inclusive and WTO-consistent, and committed to working to ensure they complement the multilateral trade agreements |
| EIF Global Forum on Inclusive Trade for LDCs | 43 LDCs | Discussed areas of LDC interest and possibilities of improving LDC participation in global trade, and pledged to engage in joint action to achieve SDGs |

^aThe conclusion on international trade and the WTO in the G7 Charlevoix Communiqué was an endorsement of an identical paragraph contained within the Hamburg G20 Declaration, paragraph 4 of the ‘Sharing the Benefits of Globalisation’ subsection.

^bTwelve countries were invited as guests in addition to the seven participating members. Three of the guests were LDCs, namely Bangladesh, Rwanda and Senegal.

^cWTO members, in varying numbers, participated in these meetings.

Source: Authors’ calculation.

Table 2. LDCs' positions on Doha issues

| LDC issues | Views/positions |
|------------------------------------|---|
| <i>Doha issues</i> | |
| Duty-free quota-free market access | At the informal TNC held in March 2018, LDCs such as Nepal emphasised that the issues of importance to the LDCs, such as duty-free quota-free market access for LDC products, rules of origin and the LDC services waiver, have not been fully implemented yet |
| S&DT | Ecuador stressed the importance of S&DT and flexibilities for the developing countries at the informal TNC held in March 2018. |
| Service waiver | At the Council for Trade in Services meeting held on 2 March 2018, the LDC group urged the WTO members to facilitate the use of the service waiver |
| TRIPS | Developing countries and LDCs want a thorough review of the TRIPS flexibilities, including the unimplemented commitment by the industrialised countries as regards technology transfer in line with Article 64.2 of the TRIPS Agreement. A proposal was circulated on 16 February 2018 by Bolivia, Brazil, Chile and South Africa |

Sources: Authors' elaboration based on WTO (2018b), Raja (2018a) and Kanth (2018a).

came out in support of issues of interest to the LDCs and pledged to engage in joint actions for achieving the SDGs.

3.7 State of current negotiations

In the meetings that followed MC11, including Trade Negotiations Committee (TNC) meetings, General Council (GC) meetings and the mini-ministerial held in India, developing countries stressed S&DT, public stockholding and the SSM as their priority issues. Members from both the African, Caribbean and Pacific (ACP) group and developing countries repeatedly emphasised the need to give new direction to Doha. Table 2 captures the stances of LDCs regarding the outstanding Doha issues.

At the informal TNC meeting held in May 2018, there was disagreement among members over the issue of 'development', specifically on S&DT in relation to the Agreement-specific proposals collated by the G90 group (Raja, 2018b). On agriculture, the ACP group stressed the importance of arriving at an outcome on trade-distorting domestic support, cotton, public stockholding for food security purposes and the SSM. The group asserted that S&DT is integral to any successful outcome. India advocated in support of the 1998 e-commerce work programme and stated that members need to understand the extent and nature of digital trade better before embarking on the task of negotiating any legally binding discipline.

4. Post-MC11 scenario: new issues

A number of new issues has been incorporated into the current WTO discourse and this has widened the scope and ambit of discussion. The LDCs have often remained ambivalent, if not reticent, about these issues.

4.1 Fishery subsidies

Nearly 31 per cent of global fish stocks are estimated to be overfished (FAO, 2016), posing severe threats to ecosystems and livelihoods. In the light of these concerns, a key area of negotiations in the lead up to MC11 included

discussions on new rules to address the detrimental environmental effects of subsidies on the fishing industry. These negotiations were initially mandated at the Doha Ministerial Conference in 2001 and were later elaborated at the Hong Kong Ministerial Conference in 2005. Following several years of proactive negotiations, the adoption of SDG 14.6¹ and incorporation of binding fishery subsidies rules in the envisaged TPP Agreement, there was a reinvigorated discussion on fishery subsidies among WTO members prior to MC11.

Since then, the Negotiating Group on Rules has received a raft of proposals, whose proponents included a diverse group of members, ranging from developed through developing to the least developed countries. Seven textual proposals were consolidated by the Negotiating Group Chair and summarised in a matrix (Raja, 2017). Following this, the proponents of fishery subsidies continued to refine these texts in the run up to MC11². Key parts of this vertical text were subsequently streamlined to identify the options on the table more accurately. Integral to most of the proposals that were on the table was the emphasis on the prohibition of two types of subsidies: (i) subsidies associated with illegal, unreported and unregulated (IUU) fishing and (ii) subsidies in respect of overfished stocks. Other components of these working documents include proposed prohibitions on overfished stocks, overcapacity, capacity-enhancing subsidies and overfishing, and provisions on notifications and transparency and on special and differential treatment (TN/RL/W/274/Rev.2) (WTO, 2017c).

However, the approaches to these proposed prohibitions diverged significantly enough for substantive outcomes to be agreed at MC11. Despite this intensive work, members were not able to agree on binding disciplines in 2017. Instead, the ministerial decision taken in Buenos Aires reaffirmed members' commitment to remain engaged in the fishery subsidy (Table 3) negotiations, with a view to adopting an agreement by the next Ministerial Conference in 2019. The objective would be to arrive at a comprehensive and effective discipline that prohibits forms of fishery subsidies that contribute to overcapacity and overfishing, and eliminates subsidies that contribute to IUU fishing.

The TNC meeting held just after MC11 in March 2018 revealed convergence among members with regard to the technical work on fishery subsidies, and members are keen to conclude negotiations by 2019, thereby achieving SDG 14.2. Members called for the intensification negotiations to eliminate IUU subsidies that are contributing to the depletion of global fish stocks.

4.2 E-commerce

In the run up to MC11, a new sense of energy was visible among many WTO member countries concerning the area of e-commerce. Several industrialised countries and some developing countries—the European Union, Japan, Australia, Switzerland, Norway, Korea, Hong Kong (China), Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), Chile and Argentina among others—called for a work plan on new issues. These included such areas as investment facilitation, disciplines for MSMEs and electronic commerce. Several draft ministerial decisions and proposals on e-commerce emerged including a draft ministerial decision on a 'WTO E-commerce for Development Agenda' submitted by Costa Rica, a draft ministerial decision from Russia on a 'Working Group on Electronic Commerce' and a separate draft ministerial decision from Hong Kong (China), Japan and Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) on setting up a working group to discuss the pertinent issues. A separate proposal from a wide cross-section of countries circulated by Singapore called for discussions prior to MC11 to deliberate

Table 3. LDC group's positions on new issues

| New issues | Views/positions |
|-----------------------------------|--|
| E-commerce | LDCs appeared to be less enthusiastic as regards new issues such as e-commerce. For instance, at the TNC meeting held in March 2018, although they indicated that they wanted to remain engaged in discussions, they were unsure about the outcomes. Some LDCs such as Uganda stated that there was no mandate to negotiate the plurilateral issues multilaterally at MC11 |
| Fishery subsidies | LDCs and the ACP group have expressed interest in participating as per the decision to continue the work on fishery subsidies. They are keen to undertake negotiations on this issue as early as possible and work towards completion of the discussion |
| Investment facilitation and MSMEs | Some of the members of the LDC and ACP groups appear to be hesitant regarding the plurilateral initiatives on investment facilitation and MSMEs |

Sources: Authors' elaboration based on WTO (2018b), Kanth (2018b) and Raja (2018a).

on how to have structured discussions on e-commerce.

The divide over e-commerce between the proponents and the opponents remained unbridgeable. Several developing countries, including India, remain opposed to any change in the current work programme on e-commerce in the WTO, particularly given the absence of a mandate under the WTO work programme on e-commerce. As regards tweaking the mandate for electronic commerce at Buenos Aires, trade ministers from South Africa, India and several other countries from the developing world stood their ground. They insisted that they would not accept any departure from the existing e-commerce work programme of 1998.

One of the key elements of MC11 is a work programme on electronic commerce. Members agreed to pursue their work with new vigour. They also agreed to instruct the GC to hold periodic reviews in its July and December 2018 and July 2019 sessions, based on the reports submitted by relevant WTO bodies, and report to the next session of the Ministerial Conference. They also agreed to maintain the current practice of not imposing customs duties on electronic transmissions until the next session, which was to be held in 2019.

4.3 Investment facilitation and micro, small and medium-sized enterprises

For investment facilitation, 70 WTO members, recognising the links between investment, trade and development, came up with plans to pursue structured discussions with the aim of developing a multilateral framework in this regard (WTO, 2017d). At MC11, the proponents, who accounted for about 73 per cent of trade and 66 per cent of inward foreign direct investment (FDI), agreed to meet in early 2018 to discuss how to organise outreach activities and structure the discussion in this area (WTO, 2017d).

On MSMEs, 87 WTO members, whose share of world exports was about 78 per cent, issued a joint statement declaring their intention to create, multilaterally, an Informal Working Group on MSMEs at the WTO (WTO, 2017d). The group would be open to all members. The discussion would address obstacles related to foreign trade operations that represent a significant burden for MSMEs interested in participating in international trade.

At the recent TNC and GC meetings, a group of WTO members including Nigeria, Colombia and Japan advocated in favour of joint plurilateral initiatives on MSMEs, investment facilitation and e-commerce.

5. Implications of the 2030 Agenda for LDC trade

5.1 Trade issues in the 2030 Agenda

In the content of the 2030 Agenda, a number of SDGs have direct linkages with trade-related issues. The Agenda emphasised the role of the multilateral trading system in implementing the SDGs. The need to reiterate the key trade-related aspects of the 2030 Agenda acquires special significance in the view of the adverse developments in the emerging global trading environment.

5.1.1 *Poverty alleviation and economic growth*

Target 8.A of the 2030 Agenda aims to increase aid for trade support to developing countries, including through the EIF. Indeed, enhancement of aid for trade, as per the SDG target, would contribute significantly to the realisation

of the goal of increasing economic growth and employment (Goal 8).

Approximately US\$300 billion has been disbursed for aid for trade support since the Aid for Trade Initiative was launched. A total of 146 developing countries have received aid for trade, mainly in Asia (41.5%) and Africa (38.7%), with 27 per cent of the total going to the LDCs. Regional and global programmes attracted about 15 per cent of total disbursements. More than three-quarters of total disbursements have gone to four sectors: transport and storage (28.6%), energy generation and supply (21.6%), agriculture (18.3%), and banking and financial services (11.1%) (WTO, 2017e).

By raising supply-side capacities and strengthening competitiveness, such support will contribute importantly towards reduction

of poverty. It is important to design and frame trade policy in a way which promotes pro-poor growth and, thus, leads to poverty alleviation.

5.1.2 Agriculture

Agricultural export subsidies and other forms of domestic subsidies given in high-income countries, such as the United States and countries of the European Union, distort the world markets and often lead to overproduction of agricultural goods. This leads to dumping in other markets, which has a negative impact on the competitiveness of developing country markets. Trade distortions lead to unfair advantages for the rich and powerful countries, and as a consequence poor and developing countries often suffer.

5.1.3 Health

Trade policy directly related to Goal 3 (health) primarily refers to access and trade in medicines, and flexibility as regards compliance with the provisions of the TRIPS. One issue of TRIPS is the exemption of the poorest countries from the obligations of pharmaceutical patenting. In 2015, the WTO General Council had agreed to extend this drug patent exemption till 2033. The extension is aligned very consistently with Target 3.B of the 2030 Agenda, which talks of ensuring access to medicines for all.

5.1.4 Global value chains

International trade increasingly involves global value chains (GVCs), whereby services, raw materials, parts and components are exchanged across countries, often several times, before being incorporated into final products to be shipped to consumers all over the world.

Efficient services markets are mentioned in the 2030 Agenda as important in terms of facilitating engagement in GVCs. Removal of tariffs, trade facilitation and simplified standard settings are expected to lead to reduction in trade costs. This is of high importance for the integration of industries in developing countries into global value chains.

5.1.5 Trade and environment

Environmental sustainability of development is a core component of the 2030 Agenda. There is a close link between trade and environmental impact.

SDG targets which have a direct bearing on trade policy reforms and their enforcement

relate to a host of areas, including fishery subsidies, market-distorting trade practices and illegal trade of various types. They have serious implications for the environment.

An important issue in international trade in this regard is the trade in environmental goods and services. By facilitating trade in environmental goods, global trade could incentivise adoption of climate-friendly technologies, which, in turn would help the implementation of the SDGs. However, as of now, there has been no progress in WTO negotiations regarding trade in environmental goods and services.

5.1.6 Arms flows

The SDGs aspire to promote the cause of peace, efficient institutions and governance. Trade can promote the cause of peace by generating the 'peace dividend', and if countries come to terms to discourage trade in illegal arms. Here the primary responsibility would lie with national governments in monitoring the supply chain in the arms trade and enforcing rules.

5.1.7 Trade-related issues in Voluntary National Reviews

Trade-related issues were highlighted by three LDCs in their respective Voluntary National Reviews (VNRs) presented in 2017. Bangladesh acknowledged the importance of international trade as being a key avenue for advancing cooperation among developed, developing and least developed countries in promoting the SDGs. It also expressed its intent to seek cooperation from developed countries in sustaining and expanding its trade capacities (General Economics Division, 2017). Nepal recounted that it had been unable to generate adequate domestic resources to attain the Millennium Development Goals. The country asserted the need for greater external cooperation in the form of quota-free access for its exports and more generous official development assistance (National Planning Commission, 2017). Togo highlighted the fact that it was a signatory to several economic integration agreements and hoped that these would offer opportunities to simulate its economic development. However, it needed global support if these were to be realised (Government of the Togolese Republic, 2017).

5.2 Role of the WTO for the 2030 Agenda

The WTO plays a crucially important role in providing a rules-based platform for the

conduct of global trade. A rules-based system could also play a vital role in the implementation of the 2030 Agenda. Of the trade-related targets mentioned previously, the WTO is specifically mentioned in seven targets under six goals.

Target 10.A calls for ‘implementation of the principle of special and differential treatment for developing countries, especially the LDCs, in accordance with the WTO’ (UN, 2015). The special and differential treatment for developing countries, in accordance with WTO agreements, has been devised in order to enhance trading opportunities for developing countries. It also includes provisions to “safeguard” the trade interests of developing countries. The WTO has to ensure that its objectives are consistent with Goal 10 of the 2030 Agenda, which aims to ‘Reduce inequality [both] within and among countries’, by securing and safeguarding the interests of the LDCs and addressing the concerns of the marginalised within the LDCs.

Target 17.12 calls for timely implementation of duty-free quota-free (DFQF) market access for all LDCs and also for ensuring that the preferential rules of origin applicable to imports from LDCs are transparent and simple.

The retaliatory tariff measures that the USA has recently proposed clearly violate the WTO norms. They would be inconsistent with most favoured nation (MFN) treatment under GATT Article I, as they apply only to certain countries. Almost certainly these would be inconsistent with US commitments on bound tariffs under GATT Article II. As the US tariff measures would be imposed without authorisation by the WTO Dispute Settlement Body, they would also be inconsistent with US obligations under the Dispute Settlement Understanding (DSU).

5.3 Making the WTO work for the 2030 Agenda

Rigorous analysis of the targets of the 2030 Agenda reveals the overriding importance of trade as a means of implementation of the SDGs. This has been given credence in Goal 17 of the SDGs. It can be seen that a well-designed trade policy will have a significant impact on almost all the other SDGs.

It has been found that SDGs require effective trade policy measures at all levels in order to help achieve the goals and targets. Against this backdrop, this concluding section will attempt to provide some recommendations and insights

as regards the future outlook of trade in the global context.

5.3.1 *Effective follow-up and review will be crucial*

There has to be a bridge between the planning of the goals and the implementation process. Accordingly, an effective system of follow-up and review will be necessary to track progress and ensure accountability. A well-defined set of indicators is, thus, necessary to ensure a successful trade–SDG nexus.

5.3.2 *Plurilateral and regional agreements could provide alternative solutions to the WTO deadlock*

WTO negotiations tend to suffer from impasse. It is rather disappointing that the Doha Round negotiations, although they initially showed some progress, are still far from any conclusion even though even MC11 is now past. In this regard, the ongoing plurilateral and regional negotiations such as the TPP, Transatlantic Trade and Investment Partnership (TTIP), Trade in Services Agreement (TiSA) and Environmental Goods Agreement (EGA) and TTIP could provide an alternative means to take the trade agenda forward and break the deadlocks in negotiations at the WTO on some critically important trade issues. One positive note about this is that the WTO’s MFN principle may be deployed to ensure that any measure of opening up markets through these agreements will also apply to all WTO members. This could help sustain the universality of both the WTO and the 2030 Agenda.

5.3.3 *The missing links between trade and the 2030 Agenda need to be addressed and bridged*

A number of crucial issues have not been mentioned as targets or objectives in the 2030 Agenda. These are summarised below:

- One issue is the commodity dependence of the LDCs. This issue has not been covered in the 2030 Agenda. LDC exports remain highly concentrated in a few products. These are often susceptible to price volatility, resource depletion and economic shocks.
- Trade in health services is also a critical issue from the perspective of Goal 3 of the SDGs. It is highly important to tune global trade to help address this particular area of the needs of LDCs and developing countries.

- The 2030 Agenda addressed global value chains, but only at a minimal level, confined to facilitating access of small firms to finance in order to engage in global value chains.
- Environmental goods are an important area from the perspective of implementing a number of goals, such as access to clean water and clean energy, ensuring sustainable urbanisation and making adequate preparation for climate change. However, these are not adequately covered in the 2030 Agenda.
- Some targets, such as LDC exports and DFQF market access, are inadequately quantified. Target 17.11 is to 'significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020' but the benchmark is not clear (UN, 2015).

5.3.4 The strong linkages between trade and the 2030 Agenda need to be taken advantage of

It is established that trade is an important means of implementation for sustainable development and in that regard it will play a vital role in the agenda's realisation. Also, trade being a cross-cutting issue, it should be prioritised among global actors and national governments when designing the implementation plan for the 2030 Agenda.

5.3.5 The role of the WTO will be critical

The WTO, as the multilateral trading system, will play a very crucial role in implementing the SDGs. It is to be welcomed that WTO has promised to align its negotiations with the goals and objectives of the 2030 Agenda. More emphasis needs to be put on the Aid for Trade initiative of the WTO, especially the Enhanced Integrated Framework. Through this programme, trade policy reforms can be specifically targeted to all the goals of the 2030 Agenda. The second phase of the EIF is targeted to promote pro-poor growth in LDCs, taking into account gender issues. This is an encouraging development.

The linkage between trade and the 2030 Agenda is thus highly significant. In order to maximise the potential synergy between the two, trade-related policies and SDG implementation modalities will need to be in place so that trade can perform its potential role as an effective tool for attaining specific SDG goals and targets. Global actors need to understand the importance of trade in the context of this agenda, and trade-related actors need to be aware of their own importance in making a contribution to the ambitious goals. This optimistic cooperation, by drawing on synergies and leveraging, will facilitate the process of transforming our world.

6. Towards a revamped trade agenda for LDCs

Arguably, the core trade interests of the LDC would be best served through full and faithful implementation of the Doha mandate. However, the developments since the Nairobi Ministerial Conference (MC10) in 2015 and the Buenos Aires Ministerial Conference (MC11) in 2017 clearly show that there is an acute lack of political energy to take the Doha agenda forward. Indeed, the documents coming out of MC11 fail even to refer to the Doha Round. In other words, in the near future we may observe greater unbundling of the Doha agenda, if not its complete dissolution.

At the same time, a number of initiatives, collectively promoted by diverse groups of countries, are gathering momentum within and beyond the WTO. The resolve of these

countries is also under pressure because of the unfolding trade war between the USA and other developed countries, and they have also gone to the WTO with their grievances. Meanwhile, the current stalemate concerning appointment of members to the Appellate Body is gradually making the WTO DSU dysfunctional.

The LDCs fully recognise that trade is possibly one of the most powerful vehicles to promote and sustain their development achievements. Many of these countries are in the process of recasting their trade policies to make them more inclusive in view of Agenda 2030. They also want to take advantage of the long-awaited upturn in the global trade, investment and finance situation.

However, while we address the need for a refashioned LDC agenda for the WTO, four other aspects have to be kept in perspective. These aspects relate to the changing size, composition and features of the LDC group of countries.

First, according to the projections prepared by the United Nations Department of Economic and Social Affairs (UN-DESA), the number of LDCs will decrease from the current 47 (2018) to 41 by 2021 and then to 35 by 2024.³ The possible exit of relatively large LDCs, such as Bangladesh and Angola, will greatly diminish the economic weight of the group and also lessen its clout in trade negotiations. In this circumstance, the LDCs have to forge various alliances with other countries to promote their agenda.

Second, one can clearly observe an overall trend of ‘Africanisation’ of the LDC group. Out of 35 possible members in 2024, 31 countries will be from Africa. These African LDCs will be concentrated in East Africa (15) and West Africa (12).⁴ This implies that the trade agenda will be increasingly linked to the trade concerns and interests of the African group at the WTO.

Third, one can also notice a disquieting trend characterising the LDC group. According to the World Bank’s harmonised list of fragile situations, which assesses fragility, conflict and violence in countries, 57 per cent of the LDCs will be considered fragile by 2024. As has been said, fragility is the new development frontier (Kharas and Rogerson, 2017). These fragile LDCs will grow more slowly than their stable counterparts. In this case, the trade interests of these countries in conflict (or post-conflict countries) may also diverge from those of the stable LDCs.

Fourth, within the LDCs group, the number of low-income countries (LICs) is gradually going down and the number of lower middle-income countries (LMICs) is going up. However, the transition from LMICs to upper middle-income countries is quite stalled. Currently (2018), 16 out of 47 LDCs are LICs.

In this context, the LDCs collectively need to revamp their WTO-centred trade agenda by adapting to the new and evolving realities, but

not sacrificing their core interests (as espoused in the Doha Development Agenda).

Given the above, the following four core directions may be considered to give shape to such a revamped agenda for the LDCs.

- i. **Doha Agenda—picking issues with the most potential.** It is now obvious that the DDA as a whole is a lost cause at the WTO. Under the circumstances, LDC group has to fine-tune its approach to some of the sectoral issues (e.g. agriculture) that are still under discussion. Similarly, if the LDCs want to pursue further its core and traditional issue relating to S&DT, it will have to revisit it to a considerable extent. For example, it may have to reconsider its stand concerning ‘differentiation’ of developing countries in relation to each sector specifically.
- ii. **New issues—getting involved strategically and substantively.** Among the new issues, LDCs have to remain engaged in the negotiations on fishery subsidies. On the other hand, LDCs have to invest a great deal to get positively and cautiously involved in the discussions under the work programme on e-commerce. LDCs have to proactively address issues concerning digital trade.
- iii. **Governance and structural issues—invest in protecting the system.** The DSU of the WTO is known as its crown jewel. LDCs need to marshal their strength against any attempt to harm this institution. The LDC group also has to take a considered approach to strike a balance between the Doha Agenda and the issues tabled by joint initiatives. In doing so, the LDCs may have to seek alliances guided by variable geometry.
- iv. **Aid for trade—redirect inputs towards LDC graduation and LMICs.** The aid for trade (AfT) work programme needs serious rethinking in the light of the new factors impinging on the development prospects of the LDCs. One of the critical aspects in this regard will be strengthening AfT inputs towards supporting smooth and sustainable graduation of countries from the LDC group. It will be useful to think of post-graduation AfT support to the former LDCs as well. At the same time, AfT should also focus on the constraints facing the LDCs in the LMIC group in their

efforts to transition to the higher middle-income country (HMIC) group. Indeed, the couple of LDCs located in the HMIC group may also expect AfT support to address their unfinished agenda of structural transformation.

To conclude, the unfolding global economic environment is making pursuit of the trade agenda of the LDCs more challenging.

The last two ministerial conferences of the WTO (2015 and 2017) have not given any useful direction in this regard. The changing features of the LDCs are also placing new demands on the group's trade agenda. Thus, it is time for the LDCs to take a collective deep dive into how their concerns are to be addressed and how best to revamp their package of trade interests at the WTO.

Notes

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- 1 SDG 14.6 states 'by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation.'
 - 2 See RD/TN/RL/29/Rev.3. Permission to view this document is currently restricted on the WTO website.
 - 3 Estimation based on CDP (2018).
 - 4 Calculation based on World Bank (2017) and CDP (2016).
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