

Twenty Years of Supporting the Integration of LDCs into the Multilateral Trading System

WTO

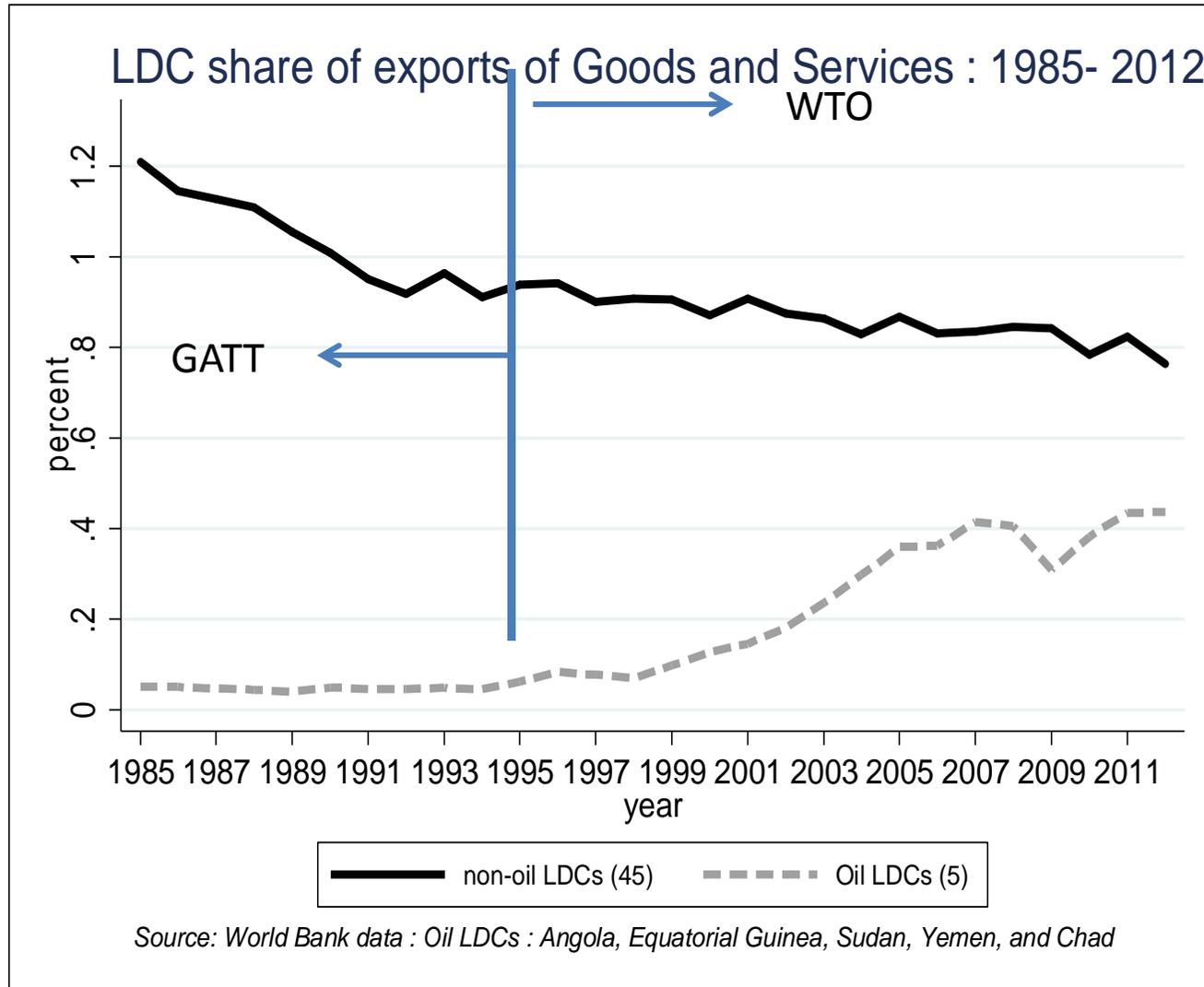
12 October 2015

Jaime de Melo

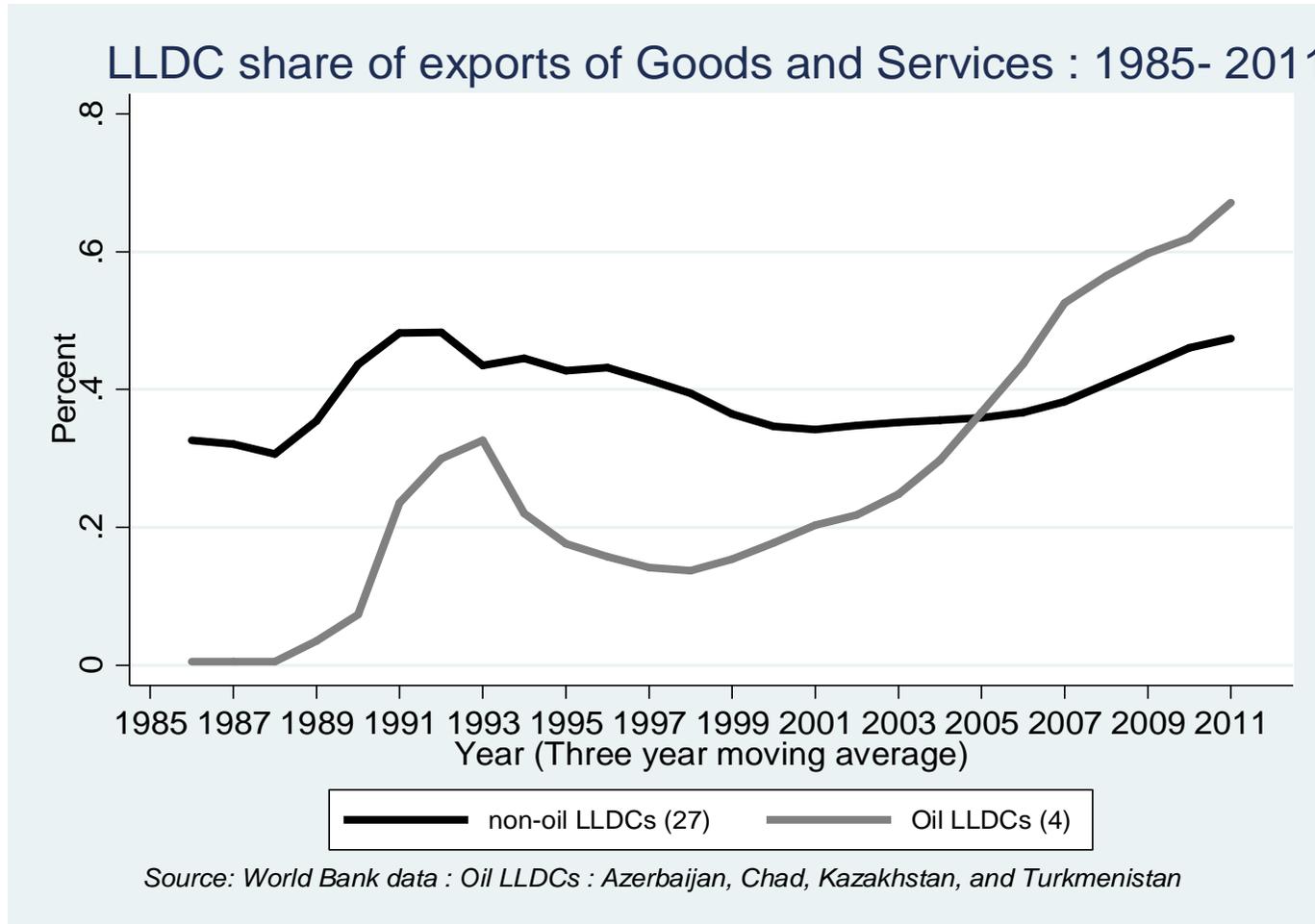
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Looking back...

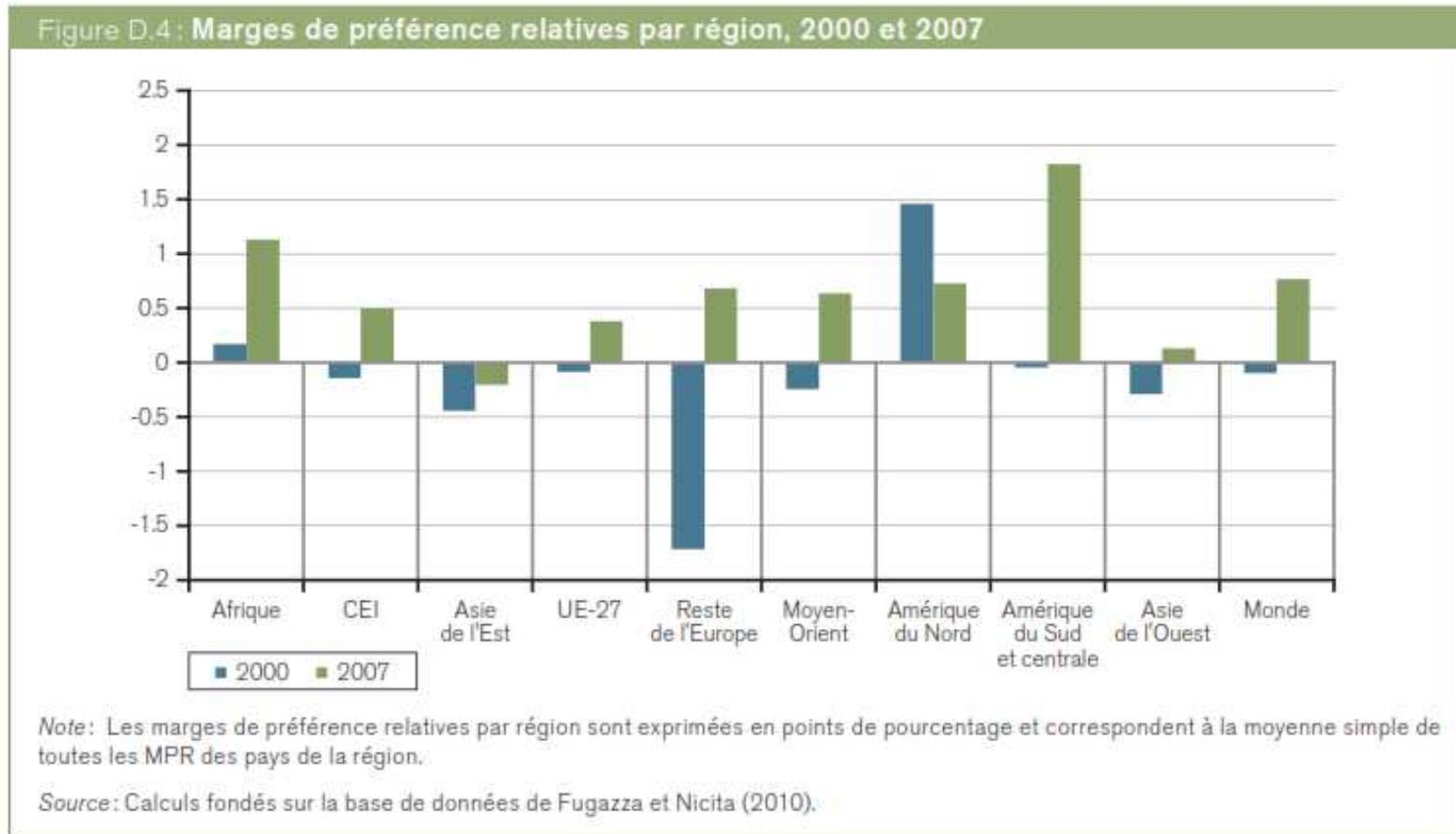
WTO secretariat report paragraph 1.2: «...LDCs increased their share in world trade of G&S from 0.59 in 1995 to 0.83 in 2005 to 1.23 in 2013 ». Yes, but..



...in fact non-oil LLDCs trade shares have stagnated



S&D treatment: preferential margins (once adjusted) for LDCs are low (about 1 percentage point)



Negative preferential margins reflect higher preferential margins outside the region. Increase for Africa reflects EBA and AGOA

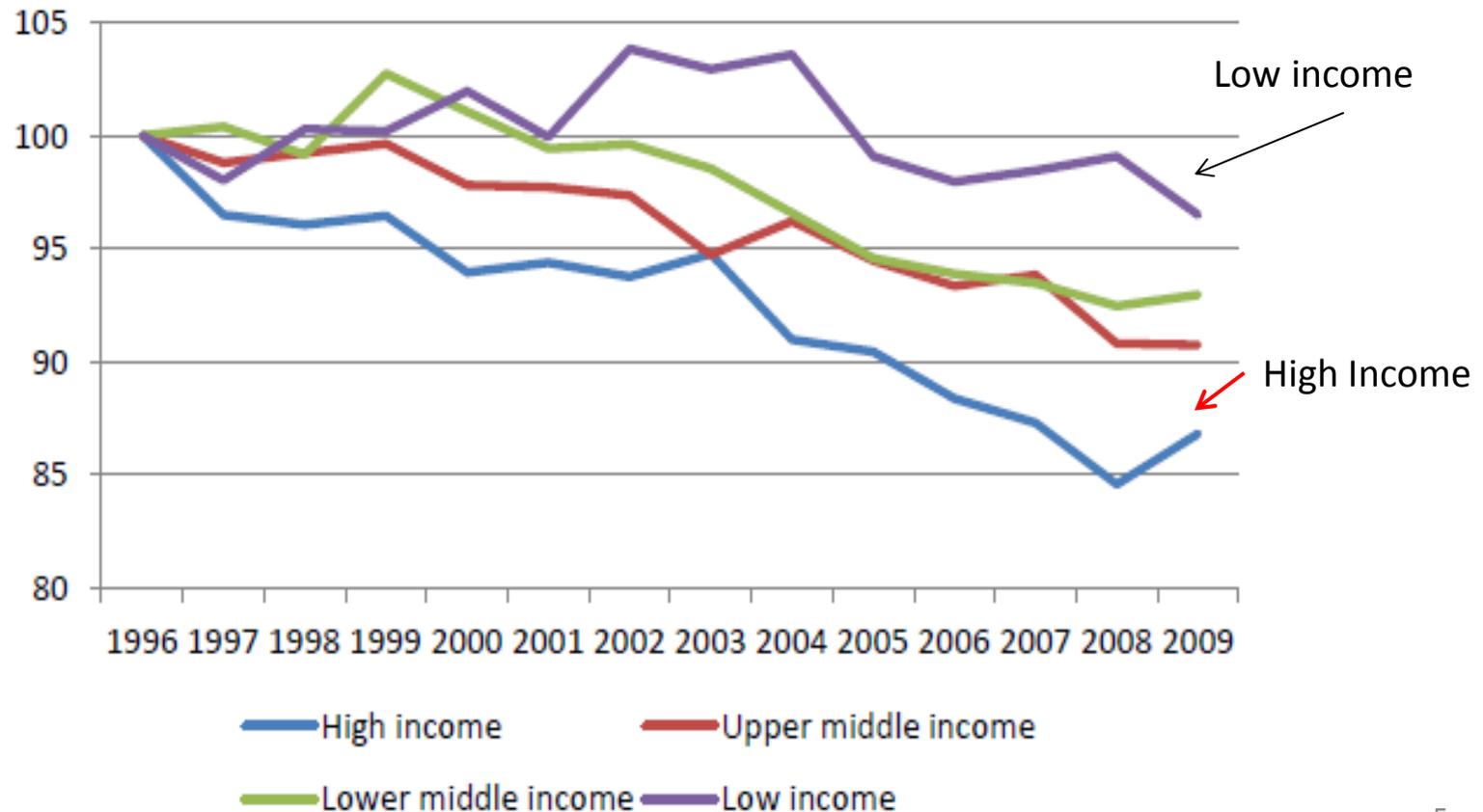
Source: WTO Annual report 2011

What Have we Learnt about Trade Costs (1)?

Reduction in trade costs account for about 1/3 of growth in trade

Evolution of simulated trade costs from a gravity equation

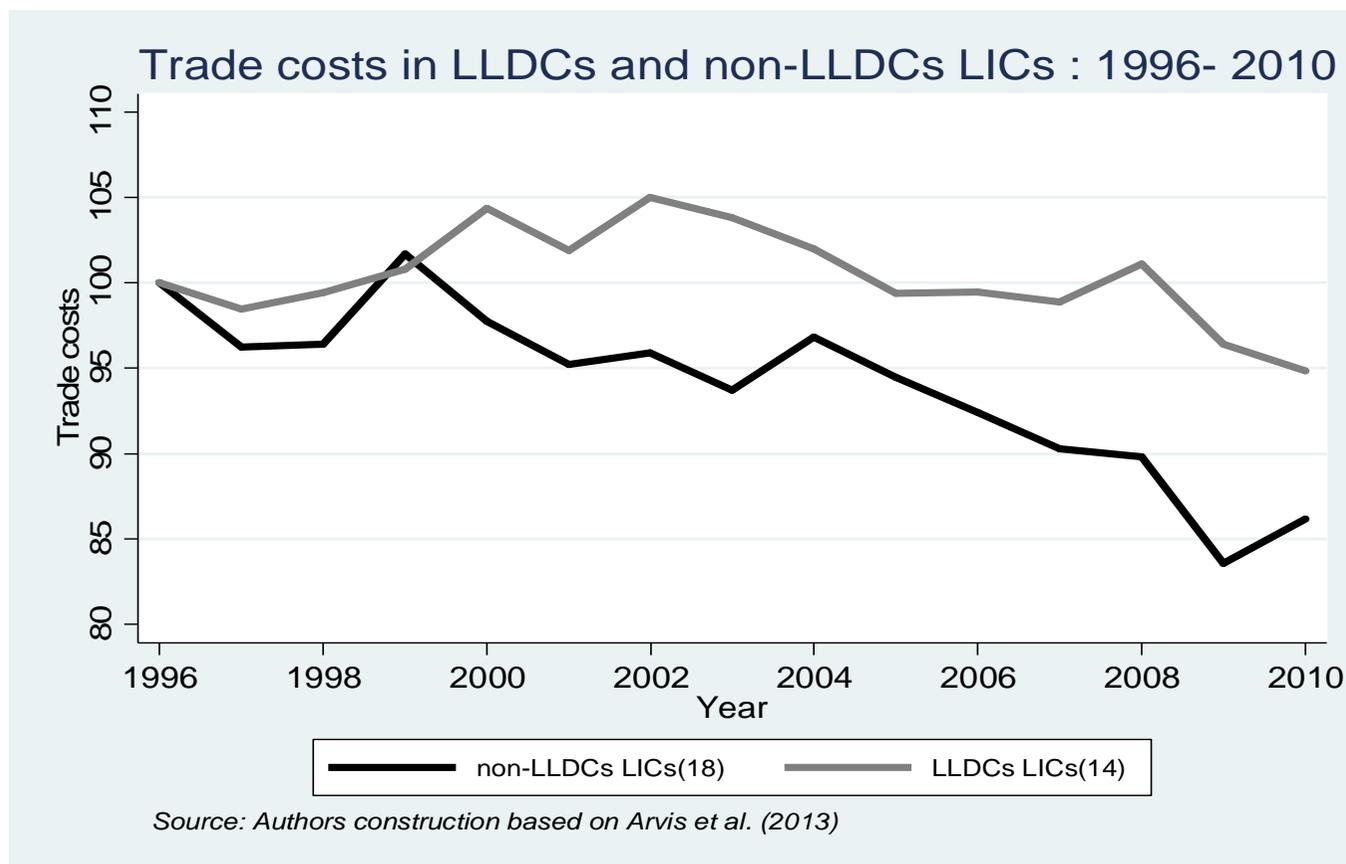
Trade Costs have fallen less rapidly for low income countries



What Have we Learnt about Trade Costs (2) ?

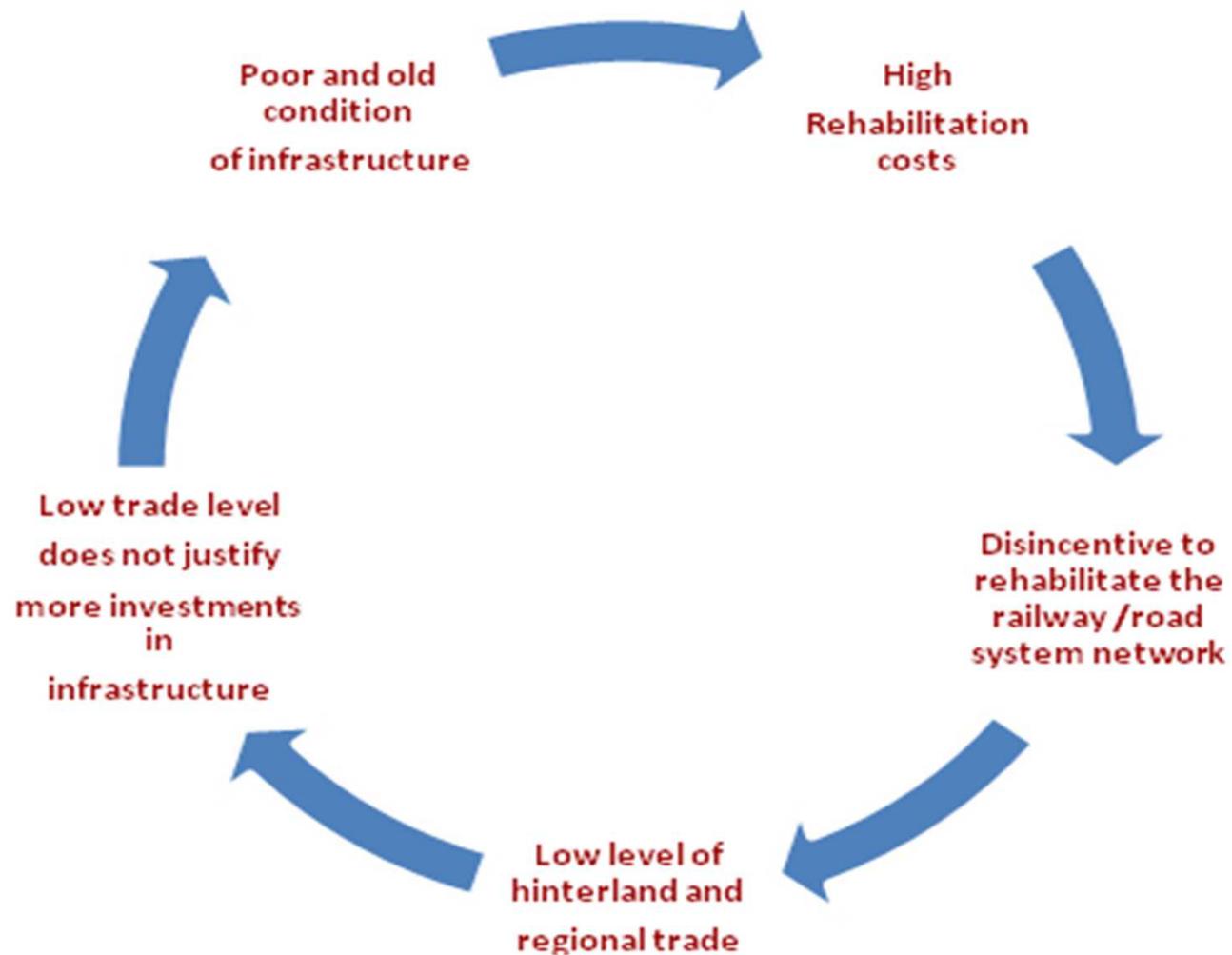
Trade Costs have only fallen by about 2% for a sample of 14 LLDCs

IPoA calls for doubling of the share of LDCs in world trade by 2020. Trade costs will have to fall faster in LDCs, especially LLDCs.



a difficult nut to crack since trade costs depend (also) on the volume of trade....

THE VICIOUS CIRCLE OF LLDCs INFRASTRUCTURE NETWORKS

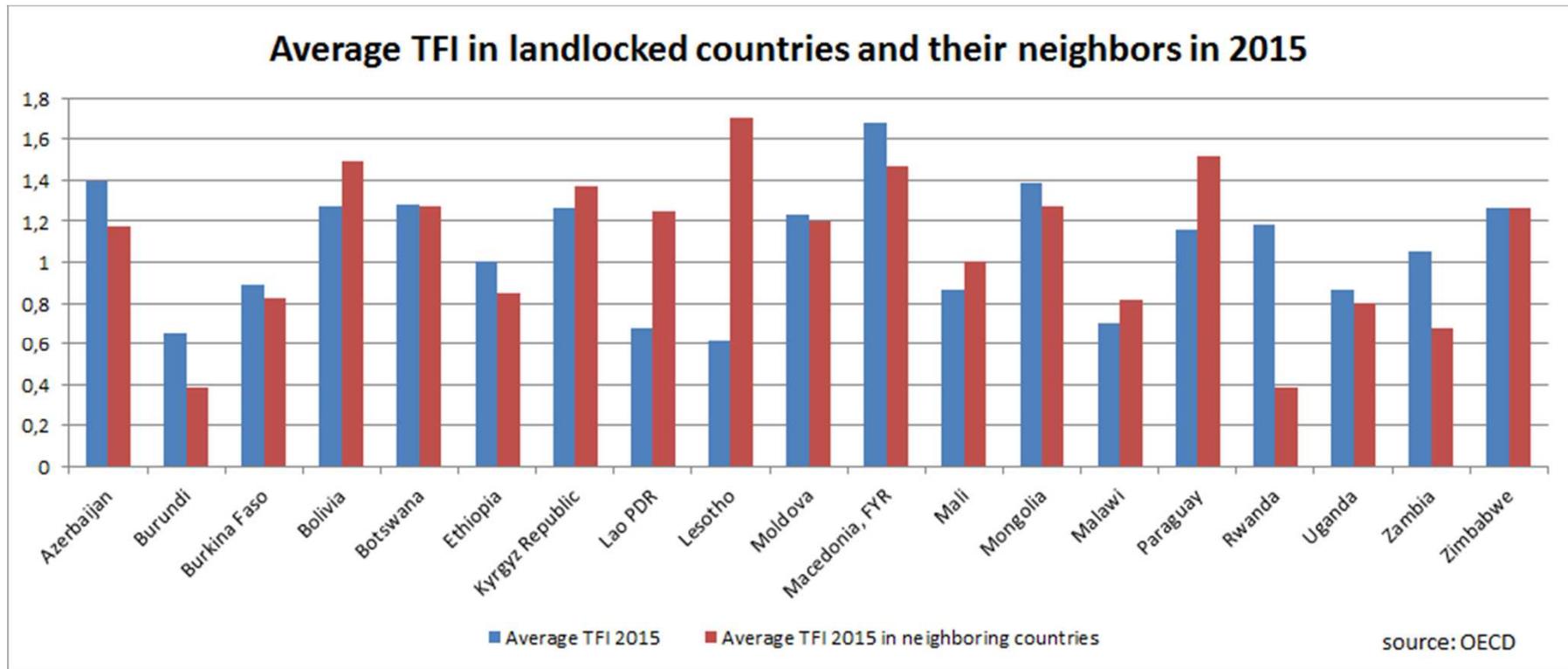


Looking forward...

TFA signed in Bali could 'finally' start to address the issue of MfDR which has eluded previous biennial OECD-WTO reviews of the AFT initiative.

- 1) By focussing on LDCs (especially LLDCs), AFT could contribute to post-2015 agenda
- 2) Signed by all, TFA is rules-based rather than discretionary
- 3) Focusing on border impediments, TFA has potential to be measurable (i.e. by OECD Trade Facilitation Indicators (11 recently updated in 2015) once country coverage is improved

Trade Facilitation Index (TFI) values show that countries neighbouring LL countries should improve their efficiency (issue for Article V of WTO?)



AFT: Which way ahead?

AFT's broad achievements...

- Mainstreaming of trade in national development strategies
- Creating a crude form of donor coordination around «competitiveness strategies»
- Mobilizing funding

... are at risk unless a «culture of evaluation» builds up

- Donor budget pressures require credible identification of outcome improvements + causation; the instruments are there to use
- Successful globalizers have all experimented with policy, but no learning from experimentation without evaluation

... and the initiative gets a second wind from the TFA

- A tool for the TFA's application, focused on NTMs
- A vehicle to foster deep regional integration
- Focus on improvements at customs are relatively easy to monitor
- Lends itself to MRV also essential for any forthcoming Climate agreement