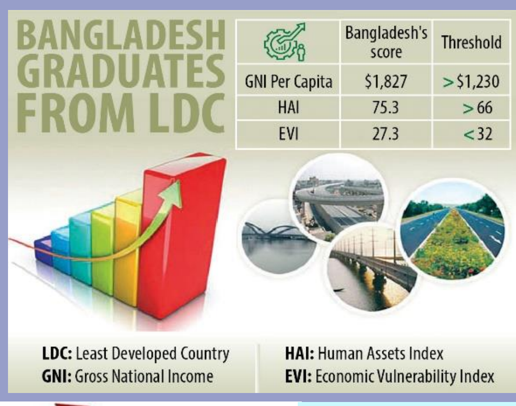
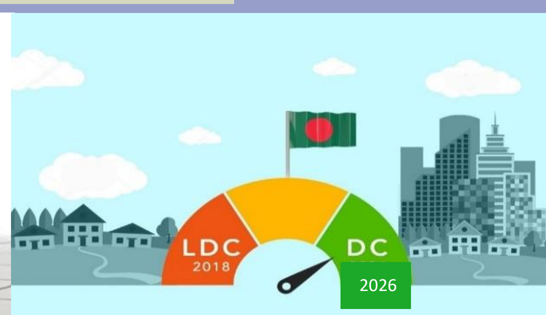
Government of the People's Republic of Bangladesh
Bangladesh Regional Connectivity Project-1
Ministry of Commerce

Study: WTO Special and Differential Treatment (S&DT) and Graduation Challenges of Bangladesh





BANGLADESH FOREIGN TRADE INSTITUTE

Bangladesh Foreign Trade Institute (BFTI)

March 2023

Government of the People's Republic of Bangladesh
Bangladesh Regional Connectivity Project-1
Ministry of Commerce

Level 12 (Westside), Prabashi Kallyan Bhaban, 71-72 Eskaton Garden Road, Dhaka-1000, Bangladesh.

Study: WTO Special and Differential Treatment (S&DT) and Graduation Challenges of Bangladesh

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March 2023

Preface

Bangladesh has made tremendous socio-economic progress on its journey to become a developing nation in 2026. The graduation is the result of its government's concerted efforts over the last 14 years. In 2018, Bangladesh crossed the threshold for graduation from the UN-defined list of Least Developed Countries (LDC). In 2021, it was officially recommended to be graduated from LDC status in 2026 having successfully met all three criteria for graduation.

Under the purview of WTO, Bangladesh as an LDC has been enjoying several trade-related Special and Differential Treatments (S&DT) benefits. There are 186 S&DT provisions in 16 WTO Agreements, of which 26 are exclusively for the LDCs. The LDCs also benefit from the preferential market access provided by developed and developing countries under the various Generalized System of Preferences (GSP) schemes, often in the form of duty-free, quota-free market access and with relaxed rules of origin criteria. After the graduation from the LDC status, the opportunity of availing these S&DTs will cease to exist for Bangladesh. Reduced preferential market access may exacerbate the country's export earnings. In this circumstance, it is necessary to explore the existing opportunities and challenges that Bangladesh may face within WTO Special and Differential Treatment (S&DT) framework before and after its graduation in 2026.

The main purpose of the study is identifying ways of retention of the LDC specific S&DTs beyond graduation for Bangladesh, identifying the international support measures (ISM) and overcoming the Graduation Challenges. To overcome challenges of LDC Graduation related to the end of WTO Special and Differential Treatment (S&DT) the findings of the study will provide policy feedback to the government for advancing to formulate strategies for Bangladesh.

I would like to convey my sincere thanks to BFTI team and all the relevant stakeholders directly and indirectly contributing with their valuable opinions and efforts for the preparation of this report.

Mr. Md. Mijanur Rahman
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Acknowledgements

Bangladesh has successfully met the second triennial review of LDC graduation in February 2021 and is scheduled to be graduated in 2026. With consistent growth and impressive achievement in human, social and economic development fronts, Bangladesh aspires to reach the milestone of the developed country status by 2041. In this context, the 4 studies selected by the Bangladesh Regional Connectivity Project (BRCP)-1 are very instrumental and contemporary for Bangladesh.

The study 01 titled 'WTO Special and Differential Treatment (S&DT) and Graduation Challenges of Bangladesh' has been conducted by the Bangladesh Foreign Trade Institute (BFTI) as a part of '04 studies under BRCP-1. I would like to thank BRCP-1 for entrusting BFTI with the responsibility. The objective of the study is to identify ways to overcome the challenges related to the loss of WTO Special and Differential Treatment (S&DT) after graduation from the LDC status in 2026 and suggest recommendations that may help policymakers formulate strategies for Bangladesh.

I express my gratitude to the Additional Secretary, WTO Wing, Ministry of Commerce, Ms. Nusrat Jabeen Banu, ndc. I also convey my thanks to Former Additional Secretary, WTO Wing, Ministry of Commerce, Mr. Md. Hafizur Rahman and Team Leader of this project Md. Atiqur Rahman Khan and National Trade Expert as well as the Director, BFTI, Mr. Md. Obaidul Azam and other researchers from BFTI who worked diligently on the report.

I would also like to thank Mr. Md. Mijanur Rahman, Project Director, Mr. Md. Munir Chowdhury, National Trade Expert, Bangladesh Regional Connectivity Project-1 as well as officials from Ministry of Commerce, NBR, EPB, Bangladesh Bank, Chambers and Associations who provided their extended supports and gave us an opportunity to complete the study. Most importantly, I would like to convey my deepest respect to the Senior Secretary, Ministry of Commerce, Mr. Tapan Kanti Ghosh for his kind presence and comments in the validation workshop. I am thankful to all of participants of Key Informant Interviews (KII), FGDs, Public Consultation and Validation Workshop for their valuable cooperation and suggestions. We believe that the recommendations in the study would be beneficial for the policymakers and other relevant stakeholders.

Dr. Md. Jafar Uddin
Chief Executive Officer
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List of Abbreviations and Acronyms

4IR	Forth Industrialization Revolution
ADB	Asian Development Bank
AfCFTA	The African Continental Free Trade Area
AFDB	African Development Bank
AGOA	African Growth and Opportunity Act
AIIB	Asian Infrastructure Investment Bank
AMS	Aggregate Measurement of Support
AoA	Agreement on Agriculture
APRR	Asia-Pacific Regional Review
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CDP	Committee for Development Policy
CEPA	Comprehensive Economic Partnership Agreement
CFCs	Common facility Centers
CIT	Corporate Income Tax
CTD	Committee on Trade and Development
DFQF	Duty-Free Quota-Free
DS	Dispute Settlement
DTIS	Diagnostic Trade Integration Study
EAEU	Eurasian Economic Union
EAPD	Economic Analysis and Policy Division
EBA	Everything but Arms
ECOSOC	Economic and Social Council
EEC	Eurasian Economic Commission
EEZ	exclusive economic zone
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
EQG	Equatorial Guinea
ESQ	Environment, social and quality
EU	European Union
EVI	Economic and environmental vulnerability index
FGD	Focus Group Discussions
FIPA	Investment Protection Agreement
FTA	Free trade Agreement

FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCC	Cooperation Council for the Arab States of the Gulf
GCF	Green Climate Fund
GDP	Gross domestic product
GEF	the Global Environment Facility
GNI	Gross national income
GoB	Government of Bangladesh
GSP	Generalized System of Preferences
HAI	Human Assets Index
HS	Harmonized System
IATF	Inter-Agency Task Force
IDA	International Development Association
IMF	International Monetary Fund
INGOs	International Non-Government Organizations
IPR	Intellectual Property Right
JPM	Government on a Joint Policy Matrix
KII	Key Informant Interviews
LDC	Least Developed Countries
MC	Ministerial Conference
MDGs	Millennium Development Goals
MEIS	Merchandise Exports from India Scheme
MFN	Most Favoured Nation
MHRA	Medicines and Healthcare products Regulatory Agency
MMF	Manmade Fibre
NDB	New Development Bank
NFIDCs	Net Food Importing Developing Countries
NFTAC	National FTA Committee
NRA	National Regulatory Authority
NSDA	National Skill Development Corporation
NTBs	Non-Tariff Barriers
ODA	Official Development Assistance
OHRLLS	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
PACER	Pacific Agreement on Closer Economic Relations
PICTA	The Pacific Island Countries Trade Agreement

PLI	The Production Linked Incentive
PS	Product subsidy
PTA	Preferential Trade Agreements
RCEP	Regional Comprehensive Economic Partnership
RoO	Rules of Origin
RoSTCL	Rebate of State and Central Taxes and Levies
RTAs	Regional trade agreements
S&DT	Special and Differential Treatments
SAFTA	South Asian Free Trade Area
SCCF	Special Climate Change Fund
SCM	Agreement on Subsidies and Countervailing Measures
SDGs	Sustainable Development Goals
SEZ	Special Economic Zones
SIDS	Small Island Developing States
SISM	Special International Support Measures
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
STI	Science, Technology and Innovation
STS	Smooth Transition Strategies
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TICFA	Trade and Investment Cooperation Forum Agreement
TRIMs	Agreement on Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UMIC	Upper Middle-Income Countries
UN DESA	United Nations Department of Economic and Social Affairs
UNCT	UN Country Team
UNCTAD	United Nations Conference on Trade and Development
UN-DESA	Department of Economic and Social Affairs
USAID	United States Agency for International Development
VoP	Value of production
WTO	World Trade Organization

Executive Summary

Bangladesh joined the list of Least Developed Countries (LDC) in April 1975. As a newly independent nation, Bangladesh faced numerous economical and geopolitical challenges with a lackluster economy. But gradually, Bangladesh made great advancements and emerged as one of the fastest growing economies in the world. The development progress has been rapid in terms of GDP growth. Continuing on its path of growth hike, the per capita income in Bangladesh has proliferated to US$ 2,824 in Fiscal Year (FY) 2021-22.[1] Bangladesh on its path of unwavering development is going to graduate from the LDC status in 2026. Building on the success of MDGs achievements, Bangladesh remains resolute to achieve the SDGs by 2030, within the four-year time of its graduation. Bangladesh has also set the goals to become an upper-middle-income country by 2031 and a knowledge-based developed economy by 2041. The government also aims to turn the country into a 'Smart Bangladesh' by 2041 while making it a developed one.

The study 01 titled 'WTO Special and Differential Treatment (S&DT) and Graduation Challenges' has been conducted by the Bangladesh Foreign Trade Institute (BFTI) as a part of '04 studies under BRCP-1. The objective of the study is to identify ways to overcome the challenges related to the loss of WTO Special and Differential Treatment (S&DT) after graduation from the LDC status in 2026 and suggest recommendations that may help policymakers formulate strategies for Bangladesh.

Under the purview of WTO, Bangladesh as an LDC has been enjoying several trade-related Special and Differential Treatments (S&DT) benefits. LDCs benefit from the same S&DT provisions as other developing country members. There are 186 S&DT provisions in 16 WTO Agreements, of which 26 are exclusively for the LDCs. These are in the form of flexibilities in terms of commitment, enforcement of compliance requirements, and longer transition period for implementation of obligations and technical and many others. The LDCs also benefit from the preferential market access provided by developed and developing countries under the various Generalized System of Preferences (GSP) schemes, often in the form of duty-free, quota-free market access and with relaxed rules of origin criteria.

As Bangladesh is moving towards LDC graduation, it will not be eligible to enjoy the benefits accruing from the LDC-specific S&DTs. The loss of S&DTs will likely result in shrinkage of domestic policy space and have important repercussions while dealing with in the regional and global transactions of goods and services. In order to keep the growth

[1] Bangladesh Bureau of Statistics

momentum and address post-LDC graduation challenges, Bangladesh intends to engage further in trade policy reforms as well as comprehensive socio-economic activities. The proposed study 01 (WTO Special and Differential Treatment (S&DT) and Graduation Challenges) is being conducted to explore the opportunities and challenges that Bangladesh may face within WTO Special and Differential Treatment (S& DT) framework of the WTO after its graduation in 2026.

Chapter 1 explores the objective and scope of the study, the methodology and data analysis process of the study. After contextualizing the background of the study, this Chapter depicts an overview of the LDC graduation process and the criteria for graduation over time, as of the 2021 triennial review. The section briefs the 3 criteria for graduation i.e. gross national income per capita, human assets index (HAI) and economic and environmental vulnerability index (EVI). In later part of the Chapter, Bangladesh's remarkable journey to LDC graduation has been mentioned.

Chapter 2 reviews the Special and Differential Treatments (S&DTs) for LDCs and briefly discusses the 5 types of S&DTs the LDCs are benefitted from. These are: provisions aimed at increasing the trade opportunities of developing members and LDCs; provisions under which WTO Members should safeguard the interests of developing Members and LDCs; flexibility of commitments, of action, and use of policy instruments; transitional time-periods; and technical assistance. S&DT provisions that is exclusive to LDCs can be mainly found in 16 Agreements and related Decisions. The agreements include, the Agreement on Agriculture (AoA), the Agreement on Trade-Related Investment Measures (TRIMs), the Agreement on Subsidies and Countervailing Measures (SCM), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Trade Facilitation Agreement (TFA) and the General Agreement on Trade in Services (GATS). S&D provisions for LDCs are made in four other Agreements in the context of increasing their trade capacity and safeguarding their interests. These include: the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), the Agreement on Technical Barriers to Trade (TBT), the Agreement on Import Licensing Procedures, and the Understanding on Rules and Procedures Governing the Settlement of Disputes. Special considerations for LDCs are also referenced in the Trade Policy Review Mechanism and the Understanding on the Balance-of-Payments Provisions of the GATT 1994. The S&DT provisions in the mentioned agreements are reflected in the Chapter 2.

Moreover, as WTO members are required to safeguard interests of developing countries, almost all developed countries and an increasing number of developing countries provide DFQF market access and preferential rules of origin (RoO) for goods to a significant number of products from LDCs**.** These are discussed in the Chapter. Major multilateral non-reciprocal preference schemes for LDCs undertaken by World Trade Organization members and special treatment regarding obligations and flexibilities under regional trade agreements (RTAs) such as SAFTA, APTA are discussed in the Chapter. The Chapter also includes S&DT provisions that can be availed after graduation in 2026 and how the graduating LDCs could continue to benefit from some of the flexibilities under the agreements mentioned. Lastly, utilization of S&DT benefits by Bangladesh in major exporting products and countries under the Agreements has been explored.

In **Chapter 3**, the study reviews the potential opportunities and losses of S&DT benefits after graduation and their overall impact on trade. Among many other opportunities, the LDC graduation will enhance Bangladesh's branding to global investors and international communities, will increase Bangladesh's credit rating which will help reduce costs of international borrowing from the international financial market and boost the confidence of global lenders as well as investors. Along with the opportunities, the graduation will bring forth some challenges which albeit, are not insurmountable but may result in exacerbation of overall export of Bangladesh, since the country as an LDC will lose some of the S&DTs mentioned in the previous Chapter. The primary impact of TRIPS waiver phase-out is likely to be felt in the pharmaceutical sector of the country whereas, the Agreement of Subsidies and Countervailing Measures (SCM) will prohibit Bangladesh to provide any export subsidy after graduation in 2026. Moreover, under the rules of WTO Agreement on Agriculture, only if Bangladesh is admitted to the group of the Net Food Importing Developing Countries (NFIDCs), maintaining export subsidies on agricultural products until 2030 would be a possibility. The graduation will also lead to preference erosion. UNCTAD estimates that exports proceeds may fall 5.5 % to 7.5%[2] in the post-LDC graduation period and exporters will face an additional 6.7% tariff which could result in an estimated export loss of $2.7 billion.

In **Chapter 4** the existing status of the only six nations graduated from the LDC group till 2021 (Botswana (1994), Cape Verde (2007), Maldives (2011), Equatorial Guinea (2012), Samoa (2014) and Vanuatu (2020) have been showcased and the challenges faced by the Graduated LDCs have been discussed along with the initiatives taken to address the challenges.

Chapter 5 explores the possible strategies for graduating LDCs against the loss of S&DT benefit. Possible negotiations at WTO for extension of LDC-specific S&DT benefits, opportunities with regard to WTO Ministerial Conference (MC12) Outcome with respect to graduating LDCs have been emphasized and the possibilities to introduce Special S&DTs for Graduating LDCs have been explored. The Chapter also suggests negotiation with trading partners to get transition period and availing GSP+ like facilities for new market access and identifying potential FTA partner countries and developing strategy

[2] UNCTAD Handbook of Statistics 2017, Published 26 January 2018

for engaging those countries in FTA negotiations as measures of retaining LDC-specific benefits beyond graduation.

Chapter 6 outlines Smooth Transition Strategies (STS) for Bangladesh to overcome the graduation challenges. The Chapter explored the STS approach and process for adopting a comprehensive STS focused on ensuring maximum S&DT facilities for a certain phase. The Chapter also includes the present STS measures of Bangladesh in light of 7 sectoral committees formed by the government of Bangladesh on LDC Graduation. These committees are working on determining the extent to which sectors of the country may be affected by the transition from LDCs to developing countries and mapping responsible and associate ministries/departments and organizations for each identified sector along with other relevant activities. The detailed terms of reference of these committees associated with preserving S&DT measures for the transition period and overcoming LDC graduation challenges have been illuminated in the Chapter.

The **Chapter 7** shows the insights gathered from FGDs, Public Consultation and KIIs. Bangladesh needs to formulate comprehensive strategies for overcoming Bangladesh's graduation challenges. Based on the findings of the KIIs, FGDs and Public Consultation, it was acknowledged that S&DT benefits are enjoyed by Bangladesh as an LDC in the form of: Extended period for Implementation of obligations through granting of transition period (e.g., TRIPS till end of 2032), flexibility of commitment regarding the use of policy instruments and obligations (e.g. Category A, B and C Trade Facilitation Agreement). Presently, more than 70 percent of the external trade of Bangladesh enjoys duty-free access as an LDC. In the absence of GSP facilities after LDC graduation, exports to the EU markets may decline significantly. Bangladesh needs to strengthen its economic diplomacy and may continue negotiation with its trade partners for signing PTA, FTA, and CEPA. Joining of regional blocs such as RCEP (ASEAN), Russia-CIS (EAEU) block, GCC, African Continental Free Trade Agreement, APEC, MERCOSUR (Southern Common Market) etc. may also be way out to regain preferential treatments in trade.

Chapter 8 shows recommendation and way forward to pursue for retention of S&DT under WTO agreements, formulating policy support and incentives alternative to export subsidies, strengthening the implementation of a prudent macroeconomic framework through tax and tariff policy reform and ensuring resource mobilization to increase the tax-to-GDP ratio, rationalizing the large trade protection through tariffs and para tariffs, facilitating private sector investment and creating an investment-friendly environment etc. Special importance should be given to focus on how to deal with alternatives to export subsidies as an instrument for export promotion after graduation. Examples of countries such as India, Vietnam may be followed as they provide alternative incentives other than export subsidies. Bangladesh could target FTA with countries that have already shown interest, such as Malaysia, Japan, India and Thailand. Moreover, Bangladesh needs to strengthen its competitiveness and diversify its export to improve export performance to engender faster growth.

Chapter 1: Introduction

1.1 Background of the Study

Since independence, Bangladesh has reached to a newer height of development unleashing newer opportunities and overcoming huge bottlenecks. Bangladesh has made impressive socio-economic progress. The journey of Bangladesh so far is starkly commendable. Bangladesh joined the list of Least Developed Countries (LDC) in April 1975. As a newly independent nation, Bangladesh faced numerous economical and geopolitical challenges at that time soon after its independence.

But gradually, Bangladesh made great advancements and emerged as one of the fastest growing economies of the world. According to IMF, it is the 41st largest economy in the world in terms of GDP and 2nd largest economy in the South Asia. The continuous economic growth of Bangladesh is a model for the rest of the world. The development progress has been rapid in terms of GDP growth. Continuing on its path of growth hike, the per capita income in Bangladesh has reached a value of US$ 2,824 in Fiscal Year (FY) 2021-22. Bangladesh on its path of unwavering development is going to graduate from the LDC status in 2026.

This graduation is highly anticipated and welcomed by the entire nation. It will enhance the confidence of the country in creating a positive and idiosyncratic image as a whole and dealing with the international financial bodies. Bangladesh as an LDC has been enjoying several Special and Differential Treatments (S&DT) benefits related to the world which might not be available after the graduation from the LDC status. Before going for final celebration of this achievement, Bangladesh needs to prepare at the policy, regulatory, and functional level to cope up with the challenges that graduating to a developing country will bring forth for her before, during and after the graduation. Under the assistance of an umbrella project supported by the International Development Association (IDA) - a member of the World Bank Group - for financing the cost of the Bangladesh Regional Connectivity Project l (BRCP-l), a part of which is being implemented by the Ministry of Commerce, Bangladesh Foreign Trade Institute (BFTI) carried out this study, to support the government of Bangladesh in identifying the specific areas of challenges the country has to face in the post-graduation period due to the loss of S&DT benefits and for developing strategies to cope up with the challenges.

1.2 Objective and Scope of the Study

Objective of the Study

To overcome the loss of WTO Special and Differential Treatment (S&DT) and Challenges of LDC Graduation, this review will provide policy feedback to the government for advancing to formulate the negotiation template for Bangladesh. This review will analyze the following:

- Overcoming the Graduation Challenges, how Bangladesh may retain LDC specific S&DTs beyond graduation;
- Identifying how graduated LDCs will be pursuing negotiation in extending all LDC-specific S&DTs for 12 years beyond the graduation. How graduated LDCs will be pursuing the proposals strongly for adoption in the WTO platform;
- Mapping existing S&DT benefits for major exporting products and countries enjoyed by Bangladesh.
- Assessing potential opportunities and losses of S& DT benefits after graduation and how Bangladesh will deal with and give policy recommendations.
- Identifying possibilities to negotiate with the trading partners to get transition period, like in EBA for the graduating LDCs;
- Examining the possibilities to introduce Special International Support Measures (SISM) for the graduating LDCs;
- Analyzing creation of new market access Bangladesh may be availing GSP+ like facilities;
- Analyzing the challenges faced by the graduated LDCs and the initiatives undertaken by them to fill up the gaps. Since 1971 six countries have graduated from LDC status. They are Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014), Equatorial Guinea (2017) and Vanuatu (2020).;
- How Bangladesh formulates a Smooth Transition Strategy (STS) keeping maximum S&DT facilities for a certain phase or period

Scope of the study

LDCs draw significant benefits as members of the WTO, especially from international support measures (ISMs) in place specifically for this group of countries. These ISMs include special and differential (S&D) provisions. There are 183 S&DT provisions in 16 WTO Agreements, of which 25 are exclusively for the LDCs. These are in the form of flexibilities in terms of commitment, enforcement of compliance requirements, and longer transition period for implementation of obligations and technical assistance and aid for trade, and many others. The countries within this bracket also benefit from the preferential market access provided by developed and developing countries under the various Generalized System of Preferences (GSP) schemes, often in the form of duty-free, quota-free market access and with relaxed rules of origin criteria. Such preferential market access, provided either unilaterally or under different regional trading arrangements, are allowed in the WTO under the Enabling Clause. Also, there is already a number of support measures in place within the ambit of the WTO which extends specific support to LDCs following their graduation. Other countries can offer similar extension as a part of support towards sustainable graduation. However, once they graduate, LDCs will not be eligible to enjoy the benefits accruing from the LDC-specific ISMs. This will have implications in four areas:

(a) Domestic Policymaking;
(b) Policy Compliance and Enforcement;
(c) Terms of Market Access; and
(d) Degree of Reciprocity in Dealing with Partners.

Thus, loss of ISMs will likely result in shrinkage of domestic policy space and have important repercussions while dealing with in the regional and global transactions of goods and services. In order to keep the growth momentum and address post-LDC graduation challenges, Bangladesh intends to engage further in trade policy reforms as well as comprehensive socio-economic activities. The proposed study 1 (WTO Special and Differential Treatment (S&DT) and Graduation Challenges) is being conducted to explore the existing opportunities within WTO Special and Differential Treatment (S & DT) framework of the WTO before, during and after graduation. In the process, empirical evidence of likely preference erosion, basis of competitive advantages and leverages arising from withdrawal of ISM will also be tested to find out new avenues for sustainable position for Bangladesh in the global supply chain for goods and services. Here the study should map existing S&DT benefits for major exporting products and countries enjoyed by Bangladesh and to assess potential opportunities and losses of S&DT benefits after graduation. Likewise, the objective, to provide policy support for easier market access and consistent economic growth after graduation so that Bangladesh can formulate a Smooth Transition Strategy (STS) keeping maximum S&DT facilities for a certain phase or period. It will further identify graduating LDCs' challenges and the initiatives undertaken by Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014), Equatorial Guinea (2017) and Vanuatu (2020) have graduated from LDC status. It will further explore major challenges in trade competitiveness, and various structural and non-structural challenges along with business compliance too due to graduation. It will analyze the trade loss due to removal of lower tariff structure and quota-free access, in major export market in the USA, EU, Canada, Japan, and Australia. The following are the scopes of the study in brief:

1. Twelve LDCs are in the pipeline over the coming five years. To overcoming Graduation Challenges how Bangladesh may retain LDC-specific S&DTs beyond graduation will be discussed;
2. Negotiations in the WTO- the most important one is for extending all LDC-specific S&DTs for 12 years beyond the graduation. The study will explore ways in which graduated LDCs may pursue the proposals strongly for adoption in the WTO platform;
3. Mapping of existing S&DT benefits for major exporting products and countries enjoyed by Bangladesh.
4. Assessment of potential opportunities and losses of S&DT benefits after graduation. How Bangladesh will deal with and give policy recommendations.
5. Identifying possibilities to negotiate with the trading partners to get transition period, like in EBA for the graduating LDCs;
6. Examining the possibilities to introduce Special International Support Measures (SISM) for the graduating LDCs;
7. Analyzing how Bangladesh may availing GSP+ like facilities for creating new market access;
8. Since 1971 six countries have graduated from LDC status. They are Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014), Equatorial Guinea (2017) and Vanuatu (2020). The study will analyze the challenges faced by the graduating LDCs and the initiatives undertaken by them to fill up the gaps;
9. To analyze how Bangladesh may formulate a Smooth Transition Strategy (STS) keeping maximum S&DT facilities for a certain phase or period.

1.3 Rationale of the Study

Graduation from LDC will pose a multifaceted pressure for market access, preference erosion, value addition conditions, additional tariff and likely reduction of overall export and employment of LDC like Bangladesh. In the post-LDC graduation period, Bangladesh has to face diverse challenges arising from withdrawal of preferential market access based on duty-free, quota-free facilities, relaxed minimum value addition conditions and other leverages enjoyed so far from most developed countries. The economy will face major challenges in trade competitiveness, and encounter various structural and non-structural challenges along with business compliance too. In order to keep the growth momentum and address post-LDC graduation challenges, Bangladesh needs to engage further in trade policy reforms as well as comprehensive socio-economic activities. The objective of the research is to clarify the (S&DT) related challenges of graduation especially exploring the growth where export plays a significant role to leap forward from the LDC to developing countries.

Preference erosion becomes a significant challenge for Bangladesh, due to lower tariff structure and quota-free access, Bangladesh can export its' major share of products in the USA, EU, Canada, Japan, and Australia. Changes in tariff structure can change the whole economic structure of the country. UNCTAD estimates that exports proceeds may fall 5.5 % to 7.5%[3] in the post-LDC graduation period and exporters will face an additional 6.7% tariff which could result in an estimated export loss of $2.7 billion.

In FY 2021-22, the total export earning in goods of Bangladesh was $52.08 billion. While analyzing the major export destinations of Bangladesh it was identified that 70.13% ($36.52 billion) of the export earnings of Bangladesh came from only four export destinations (EU $23.23 billion (44.61%), USA $10.41 billion (20.00%), Canada $1.52 billion (2.92%) and Japan $1.35 billion (2.60%).[4] Except USA, Bangladesh gets DFQF facility for export to the EU and the mentioned countries. Khan, I. T (2016) urged that Bangladesh enjoys a 12% preference margin for its apparel industry under the EU's everything but Arms (EBA) Initiative which gives a substantial price advantage. With the preferential treatment and under the respective DFQF schemes, Bangladesh exported products worth $1.52 billion in Canada, $1.35 billion in Japan and $0.91 billion in Australia in FY 2021-22. Thus, preferential market access has a special significance on Bangladeshi Product Export.

However, such estimates have the underlying assumption that export volume has a direct inverse co-relation with the tariff rates, but often do not consider the co-efficient of this assumed relationship, if any. The loss of 5.5%-7% loss in export will result in loss of export earning worth US$ 1.7-2.2 billion.

[3] UNCTAD Handbook of Statistics 2017, Published 26 January 2018

[4] EPB report on export of goods for FY 2021-22

1.4 Methodology

The general approach of the study was based on qualitative research method. The study design, including selection of data collection methods and tools, sampling approaches, analysis and dissemination format and strategy aims to answer to the study objectives and the study questions.

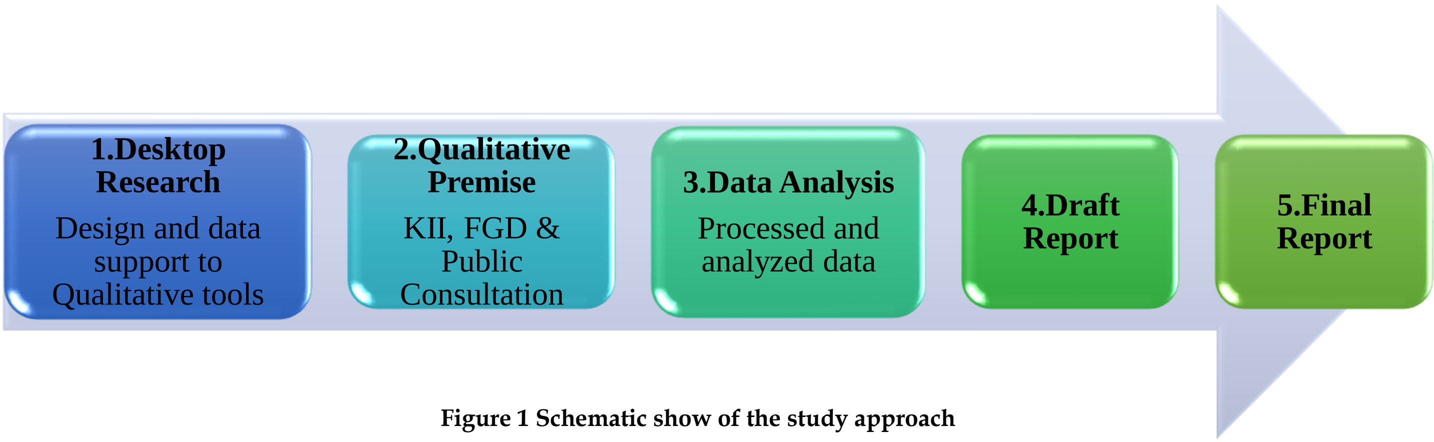


Figure 1 Schematic show of the study approach

Our substantial data analysis approach, while data were being collected through the qualitative method, has been divided into several broad stages. The study involved the following:

1) A desk review of existing literature like relevant rules/regulations/policies and journal articles;
2) Key Informant Interviews (KII), Focus Group Discussions (FGD) and Public Consultations with policy level officials, think tanks, academia and other trade related agencies as decided by the client. The stakeholders were identified by a mapping exercise. The most relevant stakeholders are the Ministry of Commerce, Ministry of Industries, National Board of Revenue (NBR). The main trade Bodies of Bangladesh (FBCCI, DCCI, MCCI, ICCI, BGMEA, BKMEA etc.) are also valuable stakeholders for the study.
3) Data Analysis utilizing readily available data from suitable national (Export Promotion Bureau, Bangladesh Bank, National Board of Revenue, etc.) and international (UN Comrade, UNCTAD, World Bank, etc.) sources, for a fair time span of at least the most recent 5 years;

The sequential steps were as follows:

- **Review of Existing Literature:** Available literature including the document bilateral trade agreements, journal article and regulatory related documents of different countries will be reviewed. Moreover, BFTI's expert will review official reports, published papers and policy documents of the GoB, think-tank organizations and other international bodies, as available, will be analyzed.

- **Key Informants interviews (KII):** A round of exploratory interviews was conducted for the study with the representatives of relevant stakeholders that primarily included government institutions, business associations, chambers, think-tank organizations, etc. Semi-structured interviews were carried out via purposeful rather than random sampling method. Appropriate measures were taken to avoid any risks of bias through sampling, response and the behavior of the interviewer. Three common techniques were used to conduct key informant interviews: Telephone Interviews, Face-to-Face Interviews, Email interviews. All selected questionnaires were evaluated by the relevant experts. For this study, 22 KII were conducted to assess LDC graduation and challenges related to S& DT.
- **Focus Group Discussions (FGD):** Two FGDs, relevant to the study were organized targeting mainly the people concerned with the particular study. During discussions, participants were facilitated to discuss different aspects of the particular field amongst themselves. A total of 17 participants took part in two FGD sessions.
- **Public Consultations:** One public consultation with the stakeholders was carried out with participation by 25 stakeholders.
- **Data Analysis:** All the information and data collected from various sources and through in-depth interviews, focused group discussions, public consultations, etc. with relevant stakeholders were analyzed separately.

1.5 Overview of LDC Graduation

The least developed country (LDC) category is comprised of the most disadvantaged of the developing countries. There are currently 46 economies designated by the United Nations as the least developed countries (LDCs), entitling them to -

- Aid,
- Preferential market access and
- Special technical assistance, among other concessions[5]

[5] CDP, UNDESA, October 2021, Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures, Fourth Edition

LDCs comprise approximately 14 per cent of the world's population, but account for less than 1.3 per cent of global gross domestic product (GDP) and for approximately 1 per cent of global trade.[6]

The LDC category was established by the General Assembly in 1971, in its resolution 2768 (XXVI), as a result of the acknowledgement by the international community that special support measures were needed to assist the least developed among the developing countries. The United Nations defines LDCs as countries that have low levels of income and face severe structural impediments to sustainable development. The countries categorized as LDCs are identified based on specific criteria and procedures, described in detail below.

The initial list of LDCs contained 25 countries and 28 additional countries were added throughout the years, as countries gained independence and faced severe development challenges. Till 2021, Botswana (1994), Cape Verde (2007), Maldives (2011), Equatorial Guinea (2012), Samoa (2014) and Vanuatu (2020) are the only six nations to have graduated from the LDC group.

The Committee for Development Policy (CDP), a committee of independent specialists that reports to the Economic and Social Council (ECOSOC) of the United Nations, reviews the list of LDCs every three years. Following a triennial review of the list, the CDP may suggest countries for accession to the list or graduation from LDC status in its report to ECOSOC. The CDP conducted a complete study of the LDC criteria between 2017 and 2020, and the resulting adjustments were first implemented at the triennial review in February 2021.[7]

Based on recommendations by the Committee for Development Policy (CDP) endorsed by the Economic and Social Council (ECOSOC), the UN General Assembly makes decision regarding the inclusion in and graduation from the list of LDCs.

Committee for Development Policy and the least developed countries

The Committee for Development Policy (CDP) is a subsidiary advisory body of the Economic and Social Council (ECOSOC). Its 24 members are nominated in their personal capacity by the Secretary-General and are appointed by the Council for a period of three years. Several functions of CDP are related to the LDC category. The Committee is mandated to make recommendations to ECOSOC on countries that qualify to be added to the LDC category and those that are candidates for graduation. The recommendations are based on analyses undertaken every three years at triennial reviews of the LDC

[6] UNCTAD, 2021

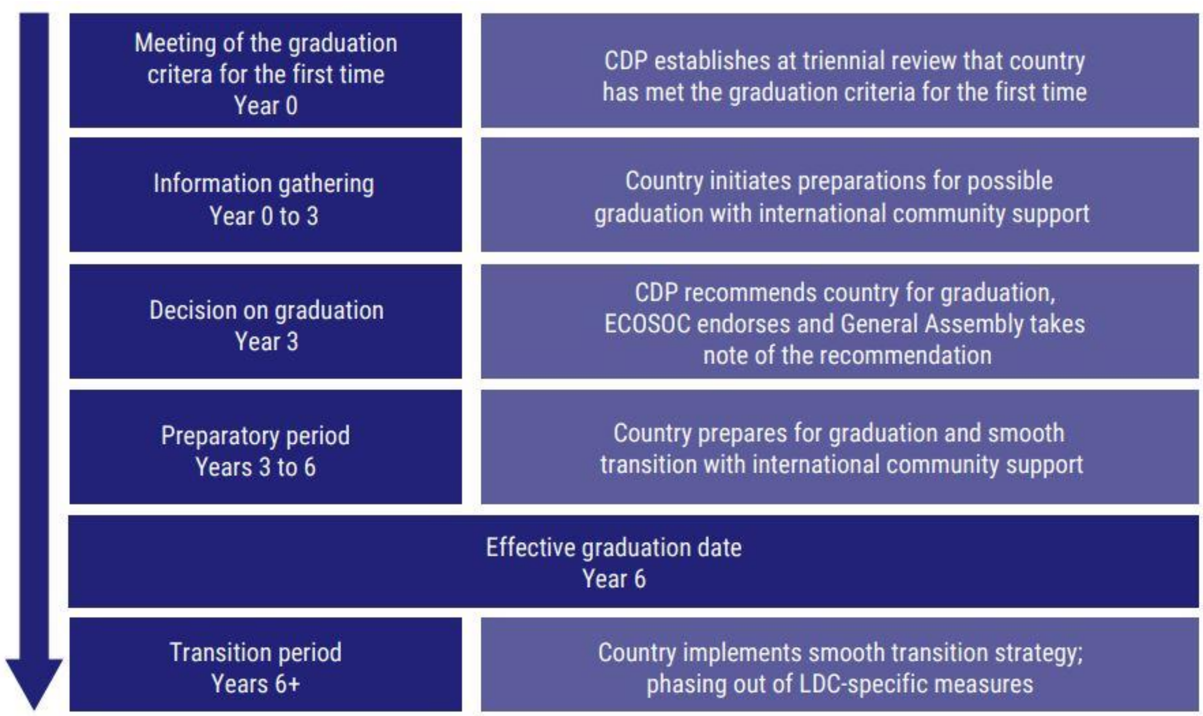
[7] https://unctad.org/system/files/official-document/ldc2021_en.pdf

category. In addition, CDP monitors the development progress of LDCs that are graduating and of countries that have graduated from the category; conducts reviews of the LDC identification criteria; reviews the application of the LDC category by the United Nations development system; and undertakes analytical studies on LDC issues.

LDC Graduation Process:

Graduation from the LDC category is a multi-year process involving different stages and multiple actors, thereby providing an LDC and its international partners with the time needed to adapt to its new status as a developing country and minimizing the risk of premature graduations. Though graduation does not depend on the Government's consent, the process ensures that the views of the country are taken into consideration in the decision on the country's graduation. The graduation procedures have evolved over time, shaped by General Assembly resolutions, specific requests by ECOSOC and guidelines and additional recommendations by CDP. Figure 2 summarizes the standard graduation process:

Figure 2 Overview of graduation process



Source: CDP Handbook of LDC, 4th Edition, 2021

The Committee for Development Policy uses three criteria to identify LDCs, which it defines as low-income countries suffering from the most severe impediments to sustainable development.

Gross national income (GNI) per capita reflects the low-income aspect; two other criteria reflect key structural impediments related to a low level of human assets (**Human Assets Index, HAI**) and a high vulnerability to economic and environmental shocks (**Economic and Environmental Vulnerability Index, EVI**). The LDC criteria are applied by CDP every three years to all Member States in developing regions. Countries are identified for inclusion in and graduation from the LDC list by comparing their criteria scores with thresholds established by CDP.

The criteria for LDC graduation in brief:

Gross national income per capita: GNI per capita provides information on the income status and the overall level of resources available to a country. GNI is equal to the gross domestic product (GDP), less primary incomes payable to non-resident units (e.g. investment income flowing to foreigners), plus primary incomes receivable from non-resident units (e.g. wages and salaries received by residents who temporarily work abroad for foreign companies.[8] In the 2021 review, the threshold for graduation was $1,222. The income-only graduation threshold (which enables a country to be eligible for graduation, even if none of the other two criteria are met) is twice the normal graduation threshold and was set at $2,444 in the 2021 review. The GNI per capita is calculated based on the World Bank Atlas method and as the World Bank adjusts its income threshold every year, the graduation thresholds of the GNI criterion are correspondingly adjusted from triennial review to triennial review.

Human assets index (HAI): HAI is a measure of the level of human capital. A lower HAI represents a lower development of human capital. Low levels of human assets are major structural impediments, not only because they are a manifestation of unsustainable development, but also because they limit the possibilities for production and economic growth, prevent poverty eradication, exacerbate inequalities and hamper resilience to external shocks. As a result, UNCDP started using absolute thresholds for the HAI to determine inclusion and graduation eligibility of an LDC. HAI is divided into two sections. The health index consisting percentage of the under-5 mortality rate, prevalence of stunting and maternal mortality ratio carries half of the weights. On the other hand, education index including gross secondary school enrolment ratio, adult literacy rate and gender parity index of gross secondary school enrolment carries rest of the weight for

[8] UN DESA, CDP, Handbook on the Least Developed Country Category, 2021

HAI. The HAI threshold for inclusion in the LDC category at the 2021 triennial review was set at 60, the same value as in 2012, and the graduation threshold was set at 10 per cent above the inclusion threshold, at 66 or above.

Economic and environmental vulnerability index (EVI): EVI is a composition of economic vulnerability index and environmental vulnerability index, each carrying equal weights. The Economic vulnerability index includes sub-indices such as share of agriculture, forestry and fishing in GDP, remoteness and landlockedness, merchandise export concentration, instability of exports of goods and services. The environmental vulnerability index contains sub-indices as share of population living in low elevated coastal zones, share of population living in drylands, instability of agricultural production, victims of disasters. The EVI threshold for inclusion in the LDC category has been set at 36 in the 2021 triennial review, the same value as in 2012. The graduation threshold has been set at 10 per cent below the inclusion threshold, at 32 or below. The lower the EVI the less the vulnerability and the higher the resilience of a country.

1.6 Bangladesh's Remarkable Journey to LDC Graduation

The graduation from LDC status is a game-changer for Bangladesh's economy and society. In Bangladesh's early years of independence, international critics viewed the country as an international basket case. The development progress that led to the readiness for LDC graduation has demonstrated that with a strong dedication, excellent economic management, and resiliency in the face of formidable obstacles, economic growth is extremely achievable. Bangladesh is currently seen as a model for socioeconomic development, offering numerous lessons for other developing nations. In addition to the great advancements in human development and poverty reduction, the GDP growth rate is among the quickest in the world today.[9]

Bangladesh intends to achieve upper middle-income status by fiscal year 2031 and high-income status by fiscal year 2041. However, advancement carries its own problems. Bangladesh's exceptional advantages in its international commercial and financial interactions with the global world as an LDC will cease to exist as a result of the country's successful graduation from the LDC status. Bangladesh has made the most of the International Support Measures, (ISMs) granted to LDCs. Some LDC benefits have been exceptionally advantageous for Bangladesh, especially duty-free access to European export markets under the Everything but Arms initiative. In honor of its 50th anniversary

[9] General Economics Division (GED), Bangladesh Planning Commission, Ministry of Planning, Government of the People's Republic of Bangladesh. (March, 2020). Impact Assessment and Coping up Strategies of Graduation from LDC Status for Bangladesh.

of independence, Bangladesh has made significant progress toward its development goals.

Bangladesh's graduation process:

In March of 2018, Bangladesh became the first LDC to satisfy all three requirements for upgrading to developing nation status. An LDC must meet two UN criteria in order to graduate. Up till now, only Bangladesh has fulfilled all three requirements. A country must maintain compliance with the LDC graduation criteria for two UN triennial evaluations in a row before it can graduate. In the 2018 triennial review, CDP established that Bangladesh has met all the three graduation criteria for the first time. Later on, Bangladesh was recommended for graduation from the least developed nation (LDC) category during the UNCDP second triennial assessment, which took place from February 22nd to the 26th 2021. For the second time in 2021, the nation has satisfied all three requirements for graduation, including per capita income, the human assets index (HAI), and the economic and environmental vulnerability index (EVI). In its second triennial evaluation, the UN CDP evaluated Bangladesh's economy and discovered that all three prerequisites for graduation had been successfully met. CDP commends Bangladesh for graduation in 2026. CDP recommended Bangladesh for graduation, which was endorsed by ECOSOC and General Assembly took note of the recommendation.

GNI per capita of Bangladesh in 2021 and 2018 Triennial review:

In the 2021 review, the threshold for graduation was $1,222. The GNI per capita of Bangladesh was US$ 1,827 in the 2021 review which is above the threshold level making the country eligible to be graduated from LDC status. In the 2018 triennial review the threshold for LDC graduation was $1,230 whereas Bangladesh had a GNI per capita of US$ 1,274.

Based on the UN CDP 2021 triennial review, the overall HAI score of Bangladesh on 2021 Review was 75.3 which is above the threshold of 66 making the country eligible to be graduated from the LDC status.

Economic and environmental vulnerability index (EVI) of Bangladesh in 2021 and 2018 triennial review

Based on the UN CDP 2021 triennial review the composite EVI score of Bangladesh on 2021 Review was 27.2 which is below the threshold of 32 making the country eligible to be graduated from the LDC status.

In the previous triennial review of 2018, the EVI index previously known as the Economic Vulnerability Index of Bangladesh was 25.2. The exacerbation in the index value in 2021 than that of 2018 is due to the impact of the COVID-19 which has been visible in almost all the countries of the world. Nevertheless, the EVI score of Bangladesh has been below the threshold level to be eligible to be graduated in 2026.

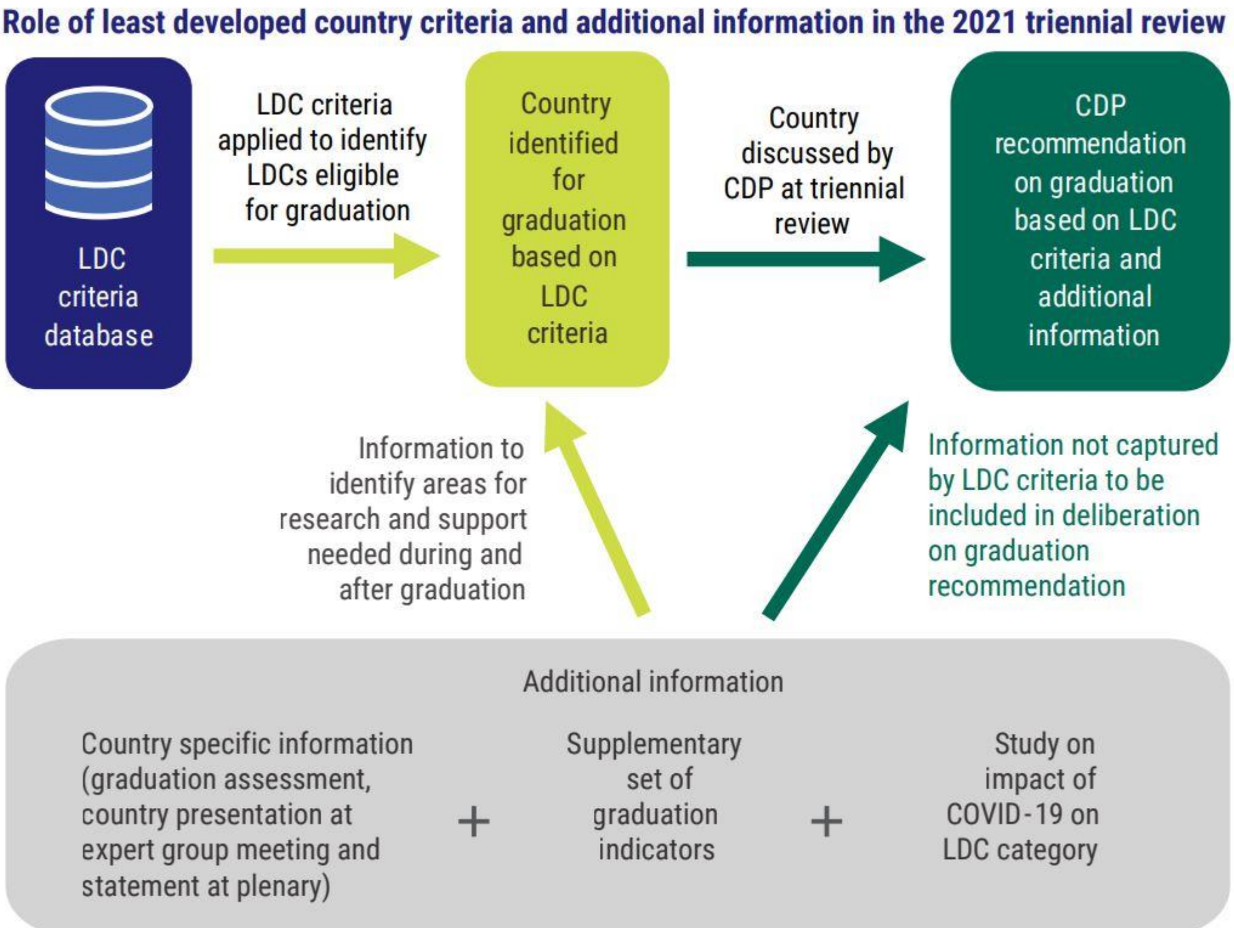
The performance of Bangladesh in the triennial reviews in the three criteria of graduation are summarized below:

Table 1 Performance of Bangladesh in the triennial reviews in the three criteria

Triennial Review	**2018**		**2021**	
Graduation Criteria	**Graduation Threshold**	**Performance of Bangladesh**	**Graduation Threshold**	**Performance of Bangladesh**
Gross national income (GNI) per capita	US$ 1,230 or above	US$ 1,274	US$ 1,222 or above	US$ 1,827
Human assets index (HAI)	66 or above	73.2	66 or above	75.3
Economic and environmental vulnerability index (EVI)	32 or below	25.2	32 or below	27.2

The above table indicates Bangladesh has successfully met all three criteria for graduation. Usually, a graduating country is given a 3 years' preparatory period. In 2020, ECOSOC requested CDP to undertake a comprehensive study on the impact of the coronavirus disease (COVID-19) on the LDC category. The study assisted CDP in fully incorporating into the 2021 triennial review the impacts of COVID-19 on LDCs, including graduating countries. Figure 3 illustrates the role of LDC criteria and additional information in the decision-making process.

Figure 3 Role of least developed country criteria and additional information in the 2021 triennial review



Source: CDP LDC Handbook 2021

In the 2021 triennial review, information that were not captured by the three criteria were included in the deliberation on graduation recommendation which included issues related to graduation assessment of Bangladesh, the country's presentation at expert group meeting, supplementary set of graduation indicators, identification of areas for research and support needed during and after graduation of Bangladesh and impact of COVID-19 on the country's economy. Taking all these areas into consideration, Bangladesh has been provided a preparatory period of 5 years and has been recommended to be graduated in 2026.

1.7 Limitations of the Study

The main limitation of the study was the assumptions based upon which discussions were held on the graduation consequences, such as preference erosion, a continuation of preferential treatment beyond the standard 3-year transition period allowed, and so forth, without any empirical evidence for the validity of such assumptions, and whether graduation experiences of other countries would be replicated in case of Bangladesh. Due to time limits, the study team attempted to mostly highlight the WTO Special and Differential Treatment (S & DT) and Graduation Challenges from the literature review. In addition, if the study was sector-based, it would be more beneficial to make a substantial contribution to the trade field.

Chapter 2: Overview of S&DT under WTO and S&DT Benefits of Bangladesh

Under the purview of WTO, special and differential international support measures are provided to the countries belonging to the least developed country (LDC) category beyond those available to the developing countries. There are mainly three types of support measures 1. International trade related support measures, 2. Development cooperation and 3. Support for participation in international forums. The trade related international support measures (ISMs) that the LDCs have access to, in other words are termed as special and differential treatments (S&DT) for the LDCs. As our study focuses on the special and differential treatments (S&DT) and LDC graduation, the sections below present an overview of the trade related special and differential treatments available to the LDCs.

Overview of S&DTs for LDC

The Special and Differential treatments or trade-related international support measures for the LDCs aim at supporting and proliferating the integration of LDCs into the global economy. The S&DTs are based on the commitments and decisions set out in World Trade Organization (WTO) ministerial declarations and internationally agreed commitments as part of global development agendas such as the 2030 Agenda for Sustainable Development and the successive programmes of action for LDCs

Developing countries and LDCs benefit from S&D provisions in WTO Agreements and Decisions which take into account their particular needs and interests. These S&D provisions can be classified into five types:

1. Provisions for increasing market access;
2. Safeguard interests of developing countries;
3. Flexibility for developing countries in taking commitments;
4. Transitional time periods for implementing obligations;
5. Technical assistance for trade-related capacity buildings.

WTO members are asked to give special priority to LDCs, especially in the context of safeguarding their interests and increasing their trade capacity. In addition, a number of S&D provisions are specific to LDCs, providing them with enhanced market access, greater flexibility in the implementation of rules, and specific attention to their technical assistance needs. Table 9 contains these LDC-specific provisions in WTO Agreements and Decisions, respectively. Graduation from LDC status will result in the loss of this special treatment.

S&DT that is exclusive to LDCs can be mainly found in WTO Agreements and related Decisions. In total there are 186 S&DTs for developing countries under the WTO agreements and decision among which 26 are exclusively for LDCs. Table 2 shows a synopsis of the S&DTs for Developing and LDCs as a whole. The 8^{th} column shows the S&DTs available for only the LDCs.

Table 2: Special and Differential Treatment provisions by type and agreement [10]

1	2	3	4	5	6	7	8	9
SL. No	**Agreement**	**Provisions aimed at increasing the trade opportunities of developing country Members**	**Provisions that require WTO Members to safeguard the interests of developing country Members**	**Flexibility of commitments, of action, and use of policy instruments**	**Transitional time-periods**	**Technical assistance**	**Provisions relating to Least developed country Members**	**Total by Agreement[11]**
1.	General Agreement on Tariffs and Trade 1994	8	13	4				25/25
2.	Understanding on Balance of Payments of GATT 1994			1		1		2/2
3.	Agreement on Agriculture	1		9	1		3	14/13
4.	Agreement on the Application of Sanitary and		2		2	2		6/6

[10] WTO, WT/COMTD/W/271, March 2023, Special and differential treatment provisions in WTO agreements and decisions. Retrieved from https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/COMTD/W271.pdf&Open=True

[11] The first figure reported in this column is the sum over all categories of the listed number of S&D provisions in each Agreement. This figure is obtained by counting each appearance of a provision, including when a provision is classified in more than one category. There are 22 provisions across the WTO Agreements which are classified in more than one category: one provision in the Agreement on Agriculture, three in the TBT Agreement, one in the TRIMs Agreement, three in the SCM Agreement, nine in the TFA, two in the GATS and three in the GPA 2012 (the details can be found in the relevant sections). The second figure in this column, on the other hand, reports the number of provisions in each Agreement when each provision is counted only once. The total of 157 over all the Agreements counts the provisions once, while the total of 186 is the total of all listed provisions.

1	2	3	4	5	6	7	8	9
SL. No	**Agreement**	**Provisions aimed at increasing the trade opportunities of developing country Members**	**Provisions that require WTO Members to safeguard the interests of developing country Members**	**Flexibility of commitments, of action, and use of policy instruments**	**Transitional time-periods**	**Technical assistance**	**Provisions relating to Least developed country Members**	**Total by Agreement[11]**
	Phytosanitary (SPS) Measures							
5.	Agreement on Technical Barriers to Trade	3	10	2	1	9	3	28/25
6.	Agreement on Trade-Related Investment Measures (TRIMs)			1	2		1	4/3
7.	Agreement on Implementation of Article VI of GATT 1994		1					1/1
8.	Agreement on Implementation of Article VII of GATT 1994		1	2	4	1		8/8
9.	Agreement on Import Licensing Procedures		3		1			4/4
10.	Agreement on Subsidies and		2	10	7			19/16

1	2	3	4	5	6	7	8	9
SL. No	**Agreement**	**Provisions aimed at increasing the trade opportunities of developing country Members**	**Provisions that require WTO Members to safeguard the interests of developing country Members**	**Flexibility of commitments, of action, and use of policy instruments**	**Transitional time-periods**	**Technical assistance**	**Provisions relating to Least developed country Members**	**Total by Agreement[11]**
	Countervailing Measures (SCM)							
11.	Agreement on Safeguards		1	1				2/2
12.	Agreement on Trade Facilitation (TFA)			3	7	7	9	26/10
13.	General Agreement on Trade in Services (GATS)	3	4	4		2	2	15/13
14.	Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)				2	1	3	6/6
15.	Understanding on Rules and Procedures Governing the Settlement of Disputes.		7	1		1	2	11/11

1	2	3	4	5	6	7	8	9
SL. No	**Agreement**	**Provisions aimed at increasing the trade opportunities of developing country Members**	**Provisions that require WTO Members to safeguard the interests of developing country Members**	**Flexibility of commitments, of action, and use of policy instruments**	**Transitional time-periods**	**Technical assistance**	**Provisions relating to Least developed country Members**	**Total by Agreement[11]**
16.	Agreement on Government Procurement (2012) (GPA 2012)		5	6		1	3	15/12
	TOTAL	15	49	44	27	25	26	186/157

2.1 Agreement on Agriculture (AoA)

The agreement of agriculture has three S&DT provisions for LDCs[12] (Article 15.2, Article 16.1[13] and Article 16.2[14]). The Agreement on Agriculture (AoA), resulting from the successful Uruguay Round negotiations, provides for a framework for reductions in agricultural support and protection by establishing binding commitments in three main pillars: market access, domestic support and export competition.

2.1.1. Pillar 1: Market Access:

Market Access refers to the reduction of tariffs or NTBs (non-tariff barriers) to trade by WTO members. Developed countries were given a goal to cut down tariffs by 36 percent, while developing countries were to cut it down by 24 percent. LDCs did not have to make any commitments on tariff cuts. Market access provision also include the elements of tariffication and special safeguard measures.

2.1.2. Pillar 2: Domestic Support in Agriculture:

Under the Agreement on Agriculture, all domestic support in favour of agricultural producers is subject to rules.[15]

In WTO terminology, subsidies in general are identified by "boxes" which are given the colours of traffic lights: green (permitted), amber (slow down — i.e. need to be reduced), red (forbidden). The Agriculture Agreement has no red box, although domestic support exceeding the reduction commitment levels in the amber box is prohibited; and there is a blue box for subsidies that are tied to programmes that limit production. There are also exemptions for developing countries (sometimes called an "S&D box" or "development box", including provisions in Article 6.2 of the Agreement).

The domestic support under 'Green box' have no, or minimal, distortive effect on trade and 'Amber Box' measures are generally trade-distorting. For example, government provided agricultural research or training is considered to be of Green Box measures having no or minimal distortive effects and while government buying-in at a guaranteed price ("market price support") falls into the "Amber Box" measures category indicating

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[12] WTO, WT/COMTD/W/271, March 2023, Special and differential treatment provisions in WTO agreements and decisions. Retrieved from https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/COMTD/W271.pdf&Open=True

[13] This provision is also available to NFIDCs.

[14] This provision is also available to NFIDCs.

[15] WTO, Agreement of Agriculture, Domestic Support. Retrieved fromhttps://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm#top

trade-distorting supports. The aggregate monetary value of Amber Box measures is, with certain exceptions, subject to reduction commitments as specified in the schedule of each WTO Member providing such support. The LDCs and NFIDCs are exempted from this reduction commitment.

The Green Box [16]

The Agreement on Agriculture sets out a number of general and measure-specific criteria which, when met, allow measures to be placed in the Green Box (Annex 2 of AoA). These measures are exempt from reduction commitments and, indeed, can even be increased without any financial limitation under the WTO. The Green Box applies to both developed and developing country Members but in the case of developing countries and LDCs special treatment is provided in respect of governmental stockholding programmes for food security purposes and subsidized food prices for urban and rural poor. The general criteria are that the measures must have no or minimal trade-distorting effects or effects on production. They must be provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers and must not have the effect of providing price support to producers.

Government service programmes

The Green Box covers many government service programmes including general services provided by governments, public stockholding programmes for food security purposes and domestic food aid -as long as the general criteria and some other measure-specific criteria are met by each measure concerned. The Green Box thus provides for the continuation (and enhancement) of programmes such as research, including general research, research in connection with environmental programmes, and research programmes relating to particular products; pest and disease control programmes, including general and product-specific pest and disease control measures; agricultural training services and extension and advisory services; inspection services, including general inspection services and the inspection of particular products for health, safety, grading or standardization purposes; marketing and promotion services; infrastructural services, including electricity reticulation, roads and other means of transport, market and port facilities, water supply facilities, etc; expenditures in relation to the accumulation and holding of public stocks for food security purposes; and expenditures in relation to the provision of domestic food aid to sections of the population in need.

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[16] WTO, Agreement of Agriculture, Domestic Support. Retrieved fromhttps://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm#top

Many of the regular programmes of governments are thus given the "green light" to continue.

Other exempt measures of AoA

In addition to measures covered by the Green Box, two other categories of domestic support measures are exempt from reduction commitments under the Agreement on Agriculture (Article 6). These are certain developmental measures in developing countries and certain direct payments under production-limiting programmes. Such de minimis levels of support are exempted from reduction.[17]

Developmental measures

The special and differential treatment under the Green Box aside, the type of support that fits into the developmental category are measures of direct or indirect assistance, designed to encourage agricultural and rural development and that are an integral part of the development programmes of developing countries and LDCs. They include investment subsidies which are generally available to agriculture in developing countries, agricultural input subsidies generally available to low-income or resource-poor producers in developing and LDC countries, and domestic support to producers in developing and LDC countries to encourage diversification from growing illicit narcotic crops.

Blue Box

This is the "amber box with conditions" — conditions designed to reduce distortion. Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production (details set out in Paragraph 5 of Article 6 of the Agriculture Agreement). At present there are no limits on spending on blue box subsidies.[18]

De minimis

All domestic support measures in favour of agricultural producers that do not fit into any of the above exempt categories are subject to reduction commitments. This domestic support category captures policies, such as market price support measures, direct production subsidies or input subsidies. However, under the de minimis provisions of

[17] WTO, Agreement of Agriculture, Domestic Support. Retrieved from https://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm#top

[18] Domestic support in agriculture: The boxes. Retrieved from https://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm

the Agreement there is no requirement to reduce such trade-distorting domestic support in any year in which the aggregate value of the product-specific support does not exceed 5 per cent of the total value of production of the agricultural product in question. In addition, non-product specific support which is less than 5 per cent of the value of total agricultural production is also exempt from reduction. The 5 per cent threshold applies to developed countries whereas in the case of developing countries the de minimis ceiling is 10 per cent.

Reduction commitments

The reduction commitments are expressed in terms of a "Total Aggregate Measurement of Support" (Total AMS) which includes all supports for specified products together with supports that are not for specific products, in one single figure. In the Agriculture Agreement, AMS is defined in Article 1 and Annexes 3 and 4.[19] Developing country Members with a Total AMS have to reduce 13 per cent over 10 years. In any year of the implementation period, the Current Total AMS value of non-exempt measures must not exceed the scheduled Total AMS limit as specified in the schedule for that year. In other words, the maximum levels of such support are bound in the WTO.

2.1.3 Aggregate Measurement of Support

Price support measures have been the most important type of policy measure within the non-exempt category. Price support can be provided either through administered prices (involving transfers from consumers) or through certain types of direct payments from governments. For the purpose of Current Total AMS calculations, price support is generally measured by multiplying the gap between the applied administered price and a specified fixed external reference price ("world market price") by the quantity of production eligible to receive the administered price. Calculation details are specified in Annexes 3 and 4 of the Agreement on Agriculture and also incorporated into Members' schedules by way of references to Supporting Material. For each product, the implicit subsidy of price support measures is added to other product-specific subsidies — a product-specific fertiliser subsidy, for example — to arrive at a product-specific AMS which is then evaluated against the applicable de minimis threshold. Non-product-specific subsidies are calculated separately and, as in the former case, are included in the Current Total AMS only if they exceed the relevant de minimis level. The example in the

[19] Domestic support in agriculture: The boxes. Retrieved from https://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm

box illustrates the calculation of the Current Total AMS for a developed country (5 per cent de minimis threshold) in year

Table 3: Domestic Support in agriculture: S&DTs for LDCs

SL.	S&DTs under Agreement on Agriculture (AoA)	Comment
S&DT Type: Flexibility of commitments, of action and use of policy instruments		
1.	**Article 6.2 (Domestic Support Commitments)** In accordance with the Mid-Term Review Agreement that government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries, investment subsidies which are generally available to agriculture in developing country members and agricultural input subsidies generally available to low-income or resource-poor producers in developing country members shall be exempt from domestic support reduction commitments that would otherwise be applicable to such measures, as shall domestic support to producers in developing country members to encourage diversification from growing illicit narcotic crops. Domestic support meeting the criteria of this paragraph shall not be required to be included in a member's calculation of its Current Total AMS.	A number of developing countries took account of the provision when submitting the constituent data and methodologies in support of their respective Schedules. Individual notifications reflect the extent to which some Members have actually taken recourse to this provision during the implementation years. These include: Bahrain, Kingdom of; Bangladesh; Barbados; Botswana, Brazil; Burundi; Chile, Colombia; Costa Rica; Cuba; Ecuador; Egypt; Fiji; The Gambia; Honduras; India; Indonesia; Jordan; Korea, Republic of; Malawi; Malaysia; Maldives; Mauritius; Mexico; Morocco; Namibia; Nepal; Oman; Panama; Paraguay, Peru, Philippines; Qatar; Sri Lanka; Thailand; Tunisia; Turkey; United Arab Emirate; Uruguay and Venezuela, Bolivarian Republic of.20
2.	Article 6.4 (b) (Domestic Support Commitments- calculation of current total AMS) For developing country Members, the de minimis percentage under this paragraph shall be 10%.	A number of developing countries took account of the de minimis clause when calculating their Base Total AMS in order to schedule domestic support reduction commitments. Actual recourse to the de minimis clause for the specified percentage, whether on a product-specific or non-

[20] WTO, WT/COMTD/W/271, March 2023, Special and differential treatment provisions in WTO agreements and decisions. Retrieved from https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/COMTD/W271.pdf&Open=True

SL.	S&DTs under Agreement on Agriculture (AoA)	Comment
		product specific basis, is reflected in the notifications submitted by a number of developing country Members, including: Bangladesh; Barbados; Brazil; Chile; India; Israel; Jordan; Korea, Republic of; Mexico; Mauritius; Pakistan; Panama; Peru; Philippines; Saudi Arabia, Kingdom of; Thailand; Tunisia; Turkey and Uruguay.

After LDC graduation there will be no change in S&DT under the AMS.

2.1.4 Pillar 3: Export competition/ Export Subsidy:
Initially in 1995, the AoA required developed countries to reduce export subsidies by at least 36 percent (by value) or by 21 percent (by volume) over six years. For developing countries, the agreement required cuts were 14 percent (by volume) and 24 percent (by value) over ten years. But in the Nairobi package of 2015 (10th Ministerial Conference), all members finally agreed upon termination of export subsidies. The Nairobi package stated "developed country members shall immediately eliminate their remaining scheduled export subsidy entitlements as of the date of adoption of this decision" and "developing country members shall eliminate their export subsidy entitlements by the end of 2018." LDCs are exempt from making on cuts on export subsidies. But all WTO members also agreed upon "undertake not to provide export credit guarantees, or insurance programs" for agricultural products.

Simultaneously, the 1994 Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food Importing Developing Countries (the Marrakesh NFIDC Decision) includes specific provisions and mechanisms in favour of LDCs and NFIDCs to facilitate their access to food.

The LDCs were exempt from undertaking reduction commitments under all three pillars during the Uruguay Round, as specified in Article 15.2 of the AoA. For instance, while developing countries were required to undertake tariff reduction commitments during the Uruguay Round, LDCs were only expected to bind all of their agricultural tariffs. As a result, many LDCs, including a number of graduating LDCs, bound their agricultural tariff lines at ceiling levels, although the recently acceded LDCs, which also include some graduating LDCs, did not receive such flexible treatment.

Table 4: Summary of S&DTs exclusively for LDCs under AoA

SL.	S&DTs under Agreement on Agriculture (AoA)	Comment
S&DT Type: Transitional time periods for implementing obligations under AoA		
1.	Article 15.2: LDCs are exempt from undertaking reduction commitments.	Used by LDCs in the establishment of scheduled commitments in market access, domestic support, and export subsidies.
2.	Article 16.1: Developed country Members shall take such action as is provided for within the framework of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries.	Information on actions undertaken within the framework of the decision is contained in the comments relating to paragraph **3(iii) of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs.**
	S&DT Type: Technical assistance: **Paragraph 3(iii) of LDCs and NFIDCs:** To give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.	
3.	Article 16.2 The Committee on Agriculture shall monitor, as appropriate, the follow-up to this Decision.	

2.1.5 Export Competition Decision of WTO Under Agreement of Agriculture (AoA):

In the export competition decision, LDCs and NFIDCs enjoy a more favourable treatment than other developing countries in the following three areas:[21]

[21] Covered respectively by paragraphs 8, 17 and 27 of WT/MIN(15)/45- WT/L/980.

1. According to **Article 9.4** of Agreement of Agriculture, LDCs and NFIDCs listed in G/AG/5/Rev.10 can provide certain export subsidies (i.e. to reduce the costs of marketing exports, costs of international transport and freight as well as internal transport and freight charges) until 2030, whereas other developing countries will have to end these subsidies by 2023. Thus as per the Article 9.4 of the Agreement on Agriculture, the LDCs, unlike the developed are exempted from undertaking reduction commitments in respect of the export subsidies listed in subparagraphs (d) and (e) of Article 9.1 of AoA. This allows the LDCs to subsidize marketing, including handling and upgrading as well as internal or international transportation provided that these are not applied in a manner that would circumvent reduction commitments.
2. Importing LDCs and NFIDCs listed in G/AG/5/Rev.10 also enjoy S&DT over and above other developing country members in the context of maximum repayment terms for export financing support. For instance, LDCs and NFIDCs benefit from a longer repayment term for the acquisition of basic foodstuffs, with a maximum term of 36–54 months, instead of the generally applicable period of 18 months.
3. LDCs and NFIDCs can benefit from the monetization of international food aid to redress short- or long-term food deficit requirements or to address insufficient agricultural production situations that give rise to chronic hunger and malnutrition.

Table 5 LDC Graduation and timeframes under the Decision on Export Competition

Sl.	Provisions	LDCs/NFIDC	Developing members
1.	Phasing out agricultural export subsidies (i.e. marketing costs and transport and freight charges in line with Article 9.4 of the AoA)	2030	2023
2.	Maximum repayment term for imports benefitting from export financing support	36–54 months (longer in exceptional circumstances)	18 months

Source: Export Competition, Ministerial Decision, 19 December 2015, WT/MIN(15)/45-WT/L/980.

2.2 Agreement on Subsidies and Countervailing Measures

The agreement on Subsidies and Countervailing Measures (SCM) addresses two separates but closely related topics: multilateral disciplines regulating the provision of subsidies, and the use of countervailing measures to offset injury caused by subsidized imports. Multilateral disciplines are the rules regarding whether or not a subsidy may be provided by a member.

According to this agreement, a measure falls under the definition of subsidy if it contains the three following elements:

a) A financial contribution;
b) Provided by a government or any public body within the territory of a member state; and
c) the contribution confers a benefit.

In principle, the WTO-led multilateralism believes "specific" subsidies distort the allocation of resources in global economic system, and therefore should be subject to international regulatory discipline. Article 3 to 6 of SCM Agreement delineates about prohibited and actionable subsidies, and possible remedies to challenge them. Four kinds of subsidies can be considered distortionary: enterprise-specific, industry-specific, region-specific and subsidies that are completely prohibited by international agreements (such as export performance-based subsidies and subsidies that depend on local content bias).[22]

The text of SCM agreement acknowledges three different types of damages which can allow a party to take legal retributions-either unilateral measures (countervailing duties on imports) or seek multilateral support through WTO's dispute settlement system. First, if a domestic industry complains about subsidized imports in the territory of the complaining Member. This is the sole basis for countervailing action. Second, there is "serious prejudice", which usually arises as a result of adverse effects (e.g., export displacement) in the market of the subsidizing Member or in a third country market. Thus, unlike injury, it can serve as the basis for a complaint related to harm to a member's export interests. Finally, there is nullification or impairment of benefits accruing under the GATT 1994. Nullification or impairment arises most typically where the improved market access presumed to flow from a bound tariff reduction is undercut by subsidization.

The SCM Agreement also prohibits the use of export subsidies for non-agricultural products. The Article 27 provides S&DT to developing and LDC signatories of the WTO. According to Article 27.2 and Annex VII(a) of the SCM Agreement, LDC members are

[22] Impact Assessment and Coping up Strategies of Graduation from LDC Status for Bangladesh, General Economics Division (GED), Bangladesh Planning Commission, Ministry of Planning, Government of the People's Republic of Bangladesh, March 2020

exempt from the prohibition of export subsidies. This part of the agreement acknowledges that subsidies (especially export oriented) can play crucial role in economic development and trade expansion in developing countries. In addition to the LDCs, developing country members that are listed in Annex VII (b) are also exempt from this prohibition until their GNI per capita reaches US$1,000 in constant 1990 dollars. This list of countries allowed to provide export subsidies in the Annex VII (b) is subject to an annual review. According to the 2001 Doha Ministerial Decision on Implementation-Related Issues and Concerns, a member would remain listed in Annex VII (b) until its GNI per capita reaches US$1,000 in constant 1990 dollars for three consecutive years and any member that had been excluded from Annex VII (b) would be re-included if its GNI per capita falls back below US$1,000 after every yearly review by the WTO secretariat.[23]

The LDCs attach high importance to the flexibility of being able to use export subsidies as a policy instrument. In line with the Declaration of LDC Trade Ministers at the 2017 Buenos Aires Ministerial Conference, the LDC Group submitted a proposal to General Council in 2018 to allow graduated LDCs with a GNI per capita below US$1,000 (constant 1990 dollars) to remain eligible for providing non-agricultural export subsidies under Article 27.2(a) and Annex VII (b) of the SCM Agreement.

As per the WTO ANALYTICAL INDEX of SCM Agreement – Annex VII (Practice) published in December 2021[24], Least-developed countries designated as such by the United Nations which are Members of the WTO will be consider under Annex VII (b) of the SCM Agreement. Along with this, each of the following developing countries which are Members of the WTO shall be subject to the provisions which are applicable to other developing country Members according to paragraph 2(b) of Article 27 when GNP per capita has reached $1,000 per annum. Bolivia, Cameroon, Congo, Côte d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, Honduras, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe. The inclusion of developing country Members in the list in paragraph (b)is based on the most recent data from the World Bank on GNP per capita.

[23] WTO. (2019) Document: G/SCM/38, G/SCM/110/Add.16. Retrieved from file:///C:/Users/USER/Downloads/110A16.pdf

[24] WTO ANALYTICAL INDEX of SCM Agreement – Annex VII (Practice) Retrieved from https://www.wto.org/english/res_e/publications_e/ai17_e/subsidies_annvii_oth.pdf

2.3 Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement:

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement):

- Covers the main categories of intellectual property rights;
- Incorporates certain other intellectual property treaties;
- Sets minimum standards of protection, enforcement and administration; and
- Provides for the application of the WTO dispute settlement mechanism.

The TRIPS Agreement contains special provisions for LDCs and recognizes "the special needs of the least-developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base".[25]LDC members benefit from a general transition period and a transition period with regard to pharmaceuticals. The TRIPS agreement also includes provisions requiring developed countries to provide incentives to their enterprises and institutions to transfer technology to LDCs.

General transition period

LDCs receive special flexibility in the implementation of the TRIPS Agreement. The TRIPS Agreement originally provided LDCs with an 11-year transition period, allowing them to delay the implementation of the Agreement's provisions until 2005. The transition period was extended three times (2005, 2013, 2021), with the latest extension valid until 1 July 2034 or the date on which a member ceases to be an LDC, whichever is earlier.

Transition period concerning patent protection for pharmaceutical products: In addition to the general transition period, LDCs have benefited from a specific transition period for pharmaceutical products. The Doha Ministerial Declaration on the TRIPS Agreement and Public Health exempted LDCs from protecting patents and undisclosed information for pharmaceutical products until 1 January 2016. This transition period was further extended until 1 January 2033, or until the date on which a member ceases to be an LDC, whichever is earlier. This extension was complemented by a waiver of the General Council has exempted LDCs from the application of mailbox requirements and exclusive marketing rights for the same time period.

[25] WTO 2022, Trade Impacts of LDC Graduation

Table 6 Transition periods for pharmaceutical products for LDC WTO members

2002 to 2016	2016 to 2033
No obligation to protect patents and undisclosed information, Doha Declaration on TRIPS and Public Health (WT/MIN(01)/DEC/2) and TRIPS Council Decision (IP/C/25)	No obligation to protect patents and undisclosed information, Doha Declaration on TRIPS and Public Health (WT/MIN(01)/ DEC/2) and TRIPS Council Decision (IP/C/73)
Waiver for Article 70.9 (exclusive marketing rights), General Council Decision (WT/L/478)	Waiver for Articles 70.8 (mailbox requirements) and 70.9 (exclusive marketing rights), General Council Decision (WT/L/971)

Source: WTO Documents: IP/C/40, IP/C/64

Access to medicines

Under the TRIPS Amendment, LDCs have been given special consideration in terms of opportunities for regional exports and certain notification requirements. The TRIPS Amendment has ensured that a developing country member or an LDC that produces or imports pharmaceuticals under compulsory licences and that is party to a regional trade agreement (RTA) with half of the members being LDCs can export pharmaceuticals to other members of the RTA that share the same health problem. The use of the special system of compulsory licensing is subject to notification requirements. When notifying its need for a pharmaceutical, an importing member is required to notify its intention to use the system and to confirm that it has insufficient or no manufacturing capacity in the pharmaceutical sector. LDCs are exempt from those requirements as they are deemed to be eligible importing members and to have insufficient manufacturing capacity in the pharmaceutical sector.

Technology transfer

The TRIPS Agreement also aims to foster technology transfer to LDCs to enable them to create a sound and viable technology base. Article 66.2 obliges developed country members to provide incentives to enterprises and institutions in their territories to promote technology transfer to LDCs. Developed country members are required to submit annual reports on actions taken or planned in pursuance of their commitments under Article 66.2[26]. Since 2008, the WTO Secretariat has held annual workshops to enhance the benefits of the transparency mechanism concerning technology transfer measures under Article 66.2 and to promote coordination and dialogue between LDC beneficiaries and developed country reporting members.

Compulsory Licences for Export of Medicines

The flexibilities identified in the Doha Declaration include "the right to grant compulsory licences". A compulsory license is issued by a government authority or a court to make certain use of a patented invention without the consent of the patent holder. This mechanism is generally present in most patent laws, is recognized as a permissible option or flexibility under the TRIPS Agreement, and has been used by a number of WTO members in the pharmaceutical field. However, TRIPS rules originally restricted compulsory licences to serve mainly the domestic market, unless they were issued to deal with anti-competitive behaviour. This mechanism was sometimes termed the 'paragraph 6 system', from its origins in the Doha Declaration. The new Article 31bis[27] of the TRIPS Agreement gives full legal effect to this system and allows low-cost generic medicines to be produced and exported under a compulsory licence exclusively for the purpose of serving the needs of countries that cannot manufacture those products themselves. For the minority of WTO members yet to accept the amendment, an interim waiver will continue to apply.

Decision on Least Developed Country Members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement

Decision on Least Developed Country Members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with Respect to Pharmaceutical Products adopted by the General Council on 30 November 2015 following a recommendation by the Council for TRIPS[28]. This Decision complements the aforementioned decision to extend the transition period for least developed country Members by waiving certain obligations that would have otherwise been applicable during the transition period. This includes an extension of the waiver to give exclusive marketing rights to pharmaceutical products that was initially put in place in 2002, and also adds a new waiver of the obligation to provide for the possibility of filing mailbox applications. Both waivers apply until 1 January 2033. The Decision was taken with a view to ensuring attainment of the objectives of paragraph 7 of the Doha Declaration on the TRIPS Agreement and Public Health. This waiver shall be reviewed by the Ministerial Conference not later than one year after it is

[26] WTO Document: IP/C/28
[27] https://www.wto.org/english/tratop_e/trips_e/pharmpatent_e.htm
[28] https://www.wto.org/english/tratop_e/trips_e/pharmpatent_e.htm

granted, and thereafter annually until the waiver terminates, in accordance with the provisions of paragraph 4 of Article IX of the WTO Agreement.

2.4 Trade Facilitation Agreement (TFA)

The TFA is the most recent multilateral trade agreement and aims to further expedite the movement, release and clearance of goods, including goods in transit. It also aims to promote effective cooperation among members on trade facilitation and customs compliance issues.

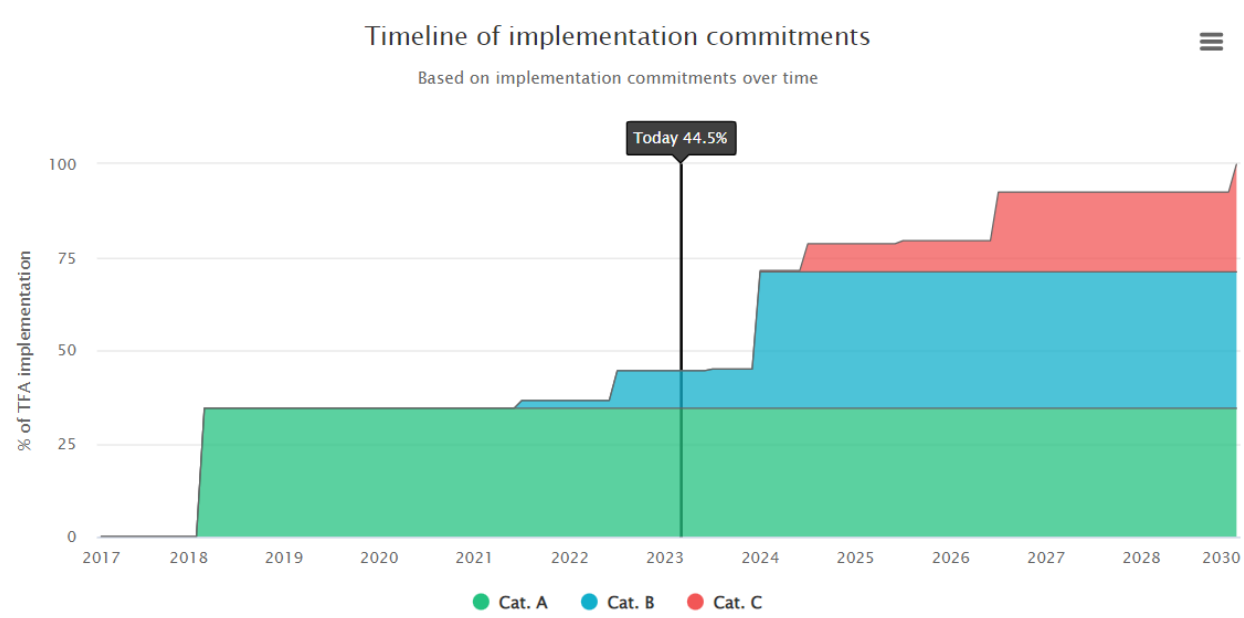
The Trade Facilitation Agreement requires Members to provide a number of notifications to the WTO Trade Facilitation Committee. These can be broadly classified into three groups. The groups are as follows:

1) Implementation notifications (categories A, B, C)
2) Transparency notifications
3) Information on technical assistance and capacity building

2.4.1 Future TFA Implementation Commitments of Bangladesh

As of February 2023, Bangladesh has been able to implement 44.5% of all commitments under the TFA, as shown in the Figure 4 below:

Figure 4: Timeline of Implementation Commitments of Bangladesh



Source: WTO Trade Facilitation Agreement Database- Bangladesh, accessed at 20 Feb 2023.[29]

[29] Trade Facilitation Agreement Database, available at- https://tfadatabase.org/en/members/bangladesh#information-for-traders

Bangladesh has notified the notification 66.7% & 33.3% under category B and C respectively. 100% comments and information before entry into force notified under category C, 100% Notifications for enhanced controls or inspections notified under category C, 100% general disciplines on fees and charges notified under category B, 100% specific disciplines on fees and charges notified under category B, 100% penalty Disciplines notified under category B, 100% Temporary admission of goods and inward and outward processing under category B. As the TFA agenda is not fully implemented and practiced yet those criteria are not being practiced rigorously by the authority. Following table illustrates the TFA implementation status based on notifications:

Table 7: Implementation Commitment Status

Article	Detailed notification breakdown	Category	Indicative implementation date	Definitive implementation date
1.1	Publication	Ap, Bp	from 22 February 2018 to 20 February 2020	from 22 February 2018 to 31 December 2023
1.2	Information available through internet	Ap, Bp	from 22 February 2018 to 20 February 2022	from 22 February 2018 to 31 December 2023
1.3	Enquiry points	C	by 30 June 2026	by 30 June 2026
1.4	Notification	Bp, CP, B»C	from 20 February 2020 to 30 June 2026	by 31 December 2023
2.1	Comments and information before entry into force	B	by 20 February 2020	by 30 June 2022
2.2	Consultations	B	by 20 February 2020	by 30 June 2022
3	Advance rulings	A		by 22 February 2018
4	Procedures for appeal or review	Ap, Bp	from 22 February 2018 to 20 February 2020	from 22 February 2018 to 31 December 2023
5.1	Notifications for enhanced controls or inspections	B	by 20 February 2020	by 31 December 2023
5.2	Detention	A		by 22 February 2018
5.3	Test procedures	C, B»C	by 30 June 2030	by 30 June 2030
6.1	General disciplines on fees and charges	B	by 20 February 2020	by 30 June 2021
6.2	Specific disciplines on fees and charges	B	by 20 February 2020	by 31 December 2023
6.3	Penalty Disciplines	B	by 20 February 2020	by 30 June 2022
7.1	Pre-arrival processing	C	by 30 June 2025	by 30 June 2025
7.2	Electronic payment	B	by 20 February 2020	by 30 June 2022

7.3	Separation of release	A		by 22 February 2018
7.4	Risk management	C	by 30 June 2030	by 30 June 2026
7.5	Post-clearance audit	C	by 30 June 2026	by 30 June 2026
7.6	Average release times	A		by 22 February 2018
7.7	Authorized operators	C	by 30 June 2026	by 30 June 2024
7.8	Expedited shipments	C	by 30 June 2026	by 30 June 2026
7.9	Perishable goods	C	by 30 June 2030	by 30 June 2026
8	Border Agency Cooperation	C	by 30 June 2030	by 30 June 2030
9	Movement of goods	A		by 22 February 2018
10.1	Formalities	Ap, Cp	from 22 February 2018 to 30 June 2030	from 22 February 2018 to 30 June 2026
10.2	Acceptance of copies	Ap, Bp	from 22 February 2018 to 20 February 2020	from 22 February 2018 to 30 June 2022
10.3	Use of international standards	A		by 22 February 2018
10.4	Single window	C	by 30 June 2030	by 30 June 2030
10.5	Pre-shipment inspection	Ap, Bp	from 22 February 2018 to 20 February 2020	from 22 February 2018 to 31 December 2023
10.6	Use of customs brokers	A		by 22 February 2018
10.7	Common border procedures	A		by 22 February 2018
10.8	Rejected Goods	A		by 22 February 2018
10.9	Temporary admission of goods and inward and outward processing	B	by 20 February 2020	by 30 June 2022
11	Transit	Ap, Bp, Cp	from 22 February 2018 to 30 June 2030	from 22 February 2018 to 30 June 2030
12	Customs cooperation	B	by 20 February 2020	by 31 December 2023

Source: TFA Database

A= Notified in Category A; B= Notified in Category B; C= Notified in Category C; Ap= Partially notified in A; Bp= Partially notified in B; Cp= Partially notified in C; C» B= Shift from C to B; B»C= Shift from B to C.

Developing and LDC Members can request more time and capacity building support to implement the Agreement. To benefit from these flexibilities, member countries must designate all measures into categories A, B and C which have the following implementation timings:

Table 8: Categories of Trade Facilitation Agreement

Categories	Definition
Category A	developing Members will implement the measure by 22/02/2017 and LDCs by 22/02/2018
Category B	Members will need additional time to implement the measure
Category C	Members will need additional time and capacity building support to implement the measures

The LDCs in short have been given extra time compared to developing countries to notify various categories of commitments. LDCs benefit from a longer timeline for the notification of information with regard to indicative as well as definitive implementation dates for category B and C commitments.

LDCs also benefit from longer grace periods for dispute settlement i.e. six years for category A commitments and eight years for category B and C.[30] LDCs also receive greater flexibility in extending implementation dates of category B or C commitments under the Early Warning Mechanism.

LDC get benefits from the TFA under the following Articles:

- **Article 15: Notification and implementation of category A**
- **Article 16: Notification of definitive dates for implementation of category B and category C**
- **Article 17: Early warning mechanism: extension of implementation dates for provisions in categories B and C**
- **Article 19: Shifting between categories B and C**
- **Article 20: Grace period for the application of the understanding on rules and procedures governing the settlement of disputes**

The Agreement also provides additional protections for LDC Members such as:

- **Early Warning Mechanism**: whereby a member can request an extension from the WTO Trade Facilitation Committee if it experiences difficulties in implementing a provision in Category B or C by the date it had notified. The extension will be automatic if the additional time requested does not exceed 3 years.
- **Expert Group**: where a requested extension has not been granted and a member lacks capacity to implement, The TF committee will establish an Expert Group to examine the issue and to make a recommendation.

[30] Trade impacts of LDC graduation, WTO 2021

- **Shifting between Categories**: Members may shift provisions between Categories B and C.
- **Grace Period**: following entry into force of the Agreement, LDCs will not be subject to the Dispute Settlement Understanding for a period of 6 years for Category A provisions and for 8 years for Categories B and C.
- The Agreement provides even greater flexibility in implementation for LDCs than for developing countries. It also recognizes the need for donor Members to **enhance assistance and support for capacity building.**

****Detailed articles under the TFA Agreement have been mentioned in table 13.**

2.5 Trade in services: General Agreement on Trade in Services (GATS)

The Eighth Ministerial Conference of WTO, held in Geneva in 2011, adopted the decision on special and differential treatment to services and services suppliers of LDCs, also known as the "LDC services waiver". The LDC services waiver, valid until December 2030, allows WTO members to grant LDCs market access preferences and other preferential measures by exempting them from the obligation of extending equal treatment to all members (MFN principle).

The level of services commitments taken by WTO members corresponds to their level of development, with an average of 34 sub-sectors (of a possible 160) for LDCs, 44 for developing country members, and 105 for developed country members. [31]

WTO has received 24 notifications (from 23 countries and the European Union), indicating sectors and modes of supply where they were providing or intended to provide preferential treatment to LDC services and service suppliers. It is to be noted that during the Uruguay Round, the countries submitted schedules of their commitments towards liberalization of trade in services. Those schedules are known as the GATS Schedule of Commitments.

Table 9 provides detailed information on the sector-specific commitments by Bangladesh

Table 9: Services schedules of sector-specific commitments of Bangladesh

Sl.	Bangladesh's Commitments in 2 sectors and 9 sub-sectors
1.	**Tourism and travel-related services** (2)

[31] WTO Trade impacts of LDC graduation. (2022). Retrieved from https://www.wto.org/english/news_e/news20_e/rese_08may20_e.pdf

	- Five-star hotel and lodging services
2.	**Communications (7)** - Telecommunication services - Facsimile services - Other (Internet access services) - Mobile services (terrestrial) - Gateway earth station services - Teleconferencing services - Telecommunications terminal equipment (telephone sets, fax machines, private automatic branch exchange [PABX], cellular handsets) sales, rental, maintenance, connection, repair and consulting services

Under GATS, LDCs get S&DT benefits under two Provisions (Article IV:3; Article XIX:3)

Table 10: S&DT for LDCs under GATS

SL.	S&DT for LDCs	Status
	Article IV:3 Increasing Participation of Developing Countries Special priority shall be given to the least developed country Members in the implementation of Article IV:1 and 2. Particular account shall be taken of the serious difficulty of the least developed countries in accepting negotiated specific commitments in view of their special economic situation and their development, trade and financial needs.	For the negotiations on trade in services pursuant to Article XIX, the requirements of the provisions of this Article are reflected in S/L/93 "Guidelines and Procedures for the Negotiations on Trade in Services", Section I relating to "Objectives and Principles", paragraph 2. In paragraph 26 of the Hong Kong Ministerial Declaration (WT/MIN (05)/DEC), Ministers "recognize the particular economic situation of LDCs, including the difficulties they face, and acknowledge that they are not expected to undertake new commitments." Paragraph 3 of Annex C to the Hong Kong Ministerial declaration provides that "Members shall pursue full and

SL.	S&DT for LDCs	Status
		effective implementation of the Modalities for the Special Treatment for Least Developed Country Members in the Negotiations on Trade in Services (LDC Modalities) adopted by the Special Session of the Council for Trade in Services on 3 September 2003, with a view to the beneficial and meaningful integration of LDCs into the multilateral trading system". Paragraph 9 of Annex C to the Declaration expands on methods through which the LDC Modalities are to be implemented. By virtue of the Decision of 17 December 2011 on "Preferential Treatment to Services and Service Suppliers of Least Developed Countries" (WT/L/847) ("Waiver"), Members may under certain conditions grant to LDC services or service suppliers preferential treatment that would otherwise be inconsistent with Article II (MFN) of the GATS (see Section 7.13). The Decision on the "Implementation of Preferential Treatment in Favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade" (WT/L/982) extends the duration of the Waiver, originally agreed for a 15-year period, by four years, until 31 December 2030 (see Section 7.30).

SL.	S&DT for LDCs	Status
	Article XIX:3 For each round, negotiating guidelines and procedures shall be established. For purposes of establishing such guidelines, the Council for Trade in Services shall carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of this Agreement, including those set out in paragraph 1 of Article IV. Negotiating guidelines shall establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations, as well as for the special treatment for least developed country Members under the provisions of paragraph 3 of Article IV.	For the negotiations on trade in services, the requirements of the provisions of this Article are reflected in S/L/93 "Guidelines and Procedures for the Negotiations on Trade in Services", paragraph 2 of Section I relating to "Objectives and Principles"; and paragraphs 14-15 of Section III relating to "Modalities and Procedures". The "Modalities for the Special Treatment of Least Developed Country Members in the Negotiations on Trade in Services" were adopted on 3 September 2003 (TN/S/13, as set out in Section 7.8 below).

2.6 SPS and TBT Agreements

For developing countries, S&D treatment is now regarded as essential if they are to participate in and accept the additional obligations resulting from multilateral trade negotiations. In the absence of S&D treatment, many developing countries would find it extremely difficult to accept strict disciplines and higher liberalization commitments or be willing to join new negotiations. S&D treatment should give them more flexibility and discretion in the use of public policies to enhance their prospects for industrialization, diversification of production and exports, export promotion and overall growth and development. Crucially, S&D treatment also provides a means through which developed countries could offer enhanced trading opportunities to developing countries. Thus, for developing countries, S&D treatment constitutes an integral part of the balance of rights and obligations of the Uruguay Round Agreements as a whole. They accepted the obligations in the expectation that some of their concerns would be addressed and dealt with through S&D provisions.[32]

[32] Special and Differential Treatment for Developing Countries in the WTO, Hesham Youssef, pecial and Differential Treatment for Developing Countries in the Multilateral Trading System, WT/GC/W/109, WT/COMTD/49, 5 November 1998).

Table 11 S&D Treatment for Developing Countries in SPS

SL No.	Area of S&D Treatment in SPS	Specific Articles	Implications
1.	Longer time-frame for implementation	• **Article 10 (2) SPS-** Where the appropriate level of sanitary or phytosanitary protection allows scope for the phased introduction of new sanitary or phytosanitary measures, longer time-frames for compliance should be accorded on products of interest to developing country Members so as to maintain opportunities for their exports. • **Article 14 SPS-** The least-developed country Members may delay application of the provisions of this Agreement for a period of five years following the date of entry into force of the WTO Agreement with respect to their sanitary or phytosanitary measures affecting importation or imported products. Other developing country Members may delay application of the provisions of this Agreement, other than paragraph 8 of Article 5 and Article 7, for two years following the date of entry into force of the WTO Agreement with respect to their existing sanitary or phytosanitary measures affecting importation or imported products, where such application is prevented	Granting longer time-frames for compliance on products of interest to developing countries. Developing countries (other than LDCs) may delay for 2 years and the least-developed country Members may delay application of the provisions of this Agreement for a period of five years.

SL No.	Area of S&D Treatment in SPS	Specific Articles	Implications
		by a lack of technical expertise, technical infrastructure or resources.	
2.	Flexibility	• **Article 10 (3) SPS-** With a view to ensuring that developing country Members are able to comply with the Provisions of this Agreement, the Committee is enabled to grant to such countries, upon request, specified, time-limited exceptions in whole or in part from obligations under this Agreement, taking into account their technical, trade and development needs. • **Article 10 (4) SPS-** Members should encourage and facilitate the active participation of developing country Members in the relevant international organizations.	The notification procedures for proposed SPS measures should provide developing countries with the possibility of identifying where they may have potential problems meeting new requirements affecting their exports, and the opportunity to request a phased introduction of the proposed measures where this is possible.
3.	Technical assistance	• **Article 9 (1) SPS-** Members agree to facilitate the provision of technical assistance to other Members, especially developing country Members, either bilaterally or through the appropriate international organizations. Such assistance may be, inter alia, in the areas of processing technologies, research and infrastructure, including in the establishment of national regulatory bodies, and may take the form of	Providing technical assistance to developing country members [Where substantial investments are required for an exporting developing country to fulfil the SPS requirements of an importing country, the latter shall consider providing such technical assistance as will permit the developing country to maintain and expand its market access opportunities

SL No.	Area of S&D Treatment in SPS	Specific Articles	Implications
		advice, credits, donations and grants, including for the purpose of seeking technical expertise, training and equipment to allow such countries to adjust to, and comply with, sanitary or phytosanitary measures necessary to achieve the appropriate level of sanitary or phytosanitary protection in their export markets. • **Article 9 (2) SPS-** Where substantial investments are required in order for an exporting developing country Member to fulfil the sanitary or phytosanitary requirements of an importing Member, the latter (Developed Country) shall consider providing such technical assistance as will permit the developing country Member to maintain and expand its market access opportunities for the product involved.	
4.	Notifications	**Annex B: Paragraph 9:** The Secretariat shall promptly circulate copies of the notification to all Members and interested international organizations and draw the attention of developing country Members to any notifications relating to products of particular interest to them.	The WTO Secretariat should draw the attention of developing countries to any notifications relating to products of particular interest to them. However, in view of the fact that this provision has not been implemented in an effective or systematic manner, a more effective mechanism should be devised to ensure the

SL No.	Area of S&D Treatment in SPS	Specific Articles	Implications
			full implementation of this provision.

2.6.1 S&DT Provision for Developing and LDCs Countries under TBT Agreement

Standards are increasingly being used as a cover for clandestine protectionism. National, regional, and global levels are developing environmental, health, and safety standards. Developing nations are not forced to adhere to international norms that conflict with their goals for development or that could jeopardize the survival of local technologies. However, despite the impact and actual need for these higher levels of standards from the perspective of developing countries, there are numerous activities, particularly among developed countries, in relation to standard setting and mutual recognition of standards that may inadvertently impose a requirement on developing countries to modify their standards in order to conform to those of developed countries. The most important provisions are as follows[33]:

Table 12 S&D Treatment for Developing and LDCs Courtiers in TBT

SL No.	Area of S&D Treatment in TBT	Specific Articles	Implications
1.	Flexibility	• **TBT Articles 12 (4)-** Members recognize that, although international standards, guides or recommendations may exist, in their particular technological and socio-economic conditions, developing country Members adopt certain technical regulations, standards or conformity assessment procedures aimed at preserving indigenous technology and production methods and processes compatible with their development needs. Members	Developing countries should not be expected to use international standards as a basis for their technical regulations or standards, including test methods, which are not appropriate to their development, financial and trade needs. The Committee on TBT may grant, upon request,

[33]Special and Differential Treatment for Developing Countries in the WTO, Hesham Youssef, pecial and Differential Treatment for Developing Countries in the Multilateral Trading System, WT/GC/W/109, WT/COMTD/49, 5 November 1998).

SL No.	Area of S&D Treatment in TBT	Specific Articles	Implications
		therefore recognize that developing country Members should not be expected to use international standards as a basis for their technical regulations or standards, including test methods, which are not appropriate to their development, technical and trade needs. **TBT Articles 12 (8)-** It is recognized that developing country Members may face special problems, including institutional and infrastructural problems, in the end of preparation and application of technical regulations, standards and conformity assessment procedures. It is further recognized that the special development and trade needs of developing country Members, as well as their stage of technological development, may hinder their ability to discharge fully their obligations under this Agreement. Members, therefore, shall talk e this fact fully into account. Accordingly, with a view to ensuring that developing country Members are able to comply with this Agreement, the Committee on Technical Barriers to Trade provided for in Article 13 (referred to in this Agreement as the "Committee") is enabled to grant, upon request, specified, time-limited exceptions in whole or in part from obligations under this Agreement. When considering such requests, the Committee shall take into account the special problems, in the end of preparation and application of technical regulations, standards and conformity assessment procedures, and the special	specified, time-limited exceptions in whole or in part from obligations under this Agreement. **Taking account of the special problems of LDCs in the preparation and application of technical regulations, standards and conformity assessment procedures**

SL No.	Area of S&D Treatment in TBT	Specific Articles	Implications
		development and trade needs of the developing country Member, as well as its stage of technological development, which may hinder its ability to discharge fully its obligations under this Agreement. The Committee shall, in particular, take into account the special problems of the least-developed country Members.	
2.	Technical assistance	**Article 12 (7)-TBT:** Members shall give particular attention to the provisions of this Agreement concerning developing country Members' rights and obligations and shall take into account the special development, technical and trade needs of developing country Members in the implementation of this Agreement, both nationally and in the operation of this Agreement's institutional arrangements. **Article 11 TBT-** TBT Agreement stipulates that technical assistance should be provided to developing countries in the preparation of technical regulations, the establishment of national standards bodies, regulatory or conformity assessment bodies, and for participation in international standards setting bodies. Developed countries should also provide technical assistance to developing countries on ways in which the technical regulations of the developed	Members to advise other Members, especially developing countries, on request, on the preparation of technical regulations Members to provide technical assistance to developing countries to ensure that the preparation and application of technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to the expansion and diversification of exports from developing countries The terms and conditions of the technical assistance will be determined in light of the stage of development of the

SL No.	Area of S&D Treatment in TBT	Specific Articles	Implications
		countries can best be fulfilled.	requesting Members, particularly in the case of LDCs
3.	Financial and trade needs development	**Article 12 (2) TBT-** Members shall give particular attention to the provisions of this Agreement concerning developing country Members rights and obligations and shall take into account the special development, financial and trade needs of developing country Members in the implementation of this Agreement, both nationally and in the operation of this Agreements institutional arrangements.	Develop Country should help developing countries to develop financial and trade needs development at national and international levels
4.	Reasonable measures to ensure international standard and monitoring	**Article 12 (3) TBT-** Members shall, in the preparation and application of technical regulations, standards and conformity assessment procedures, take account of the special development, financial and trade needs of developing country Members, with a view to ensuring that such technical regulations, standards and conformity assessment procedures do not create unnecessary obstacles to exports from developing country Members. **Article 12 (5) TBT-** Members shall take such reasonable measures as may be available to them to ensure that international standardizing bodies and international systems for conformity assessment are organized and operated in a way which facilitates active and representative participation of relevant bodies in all Members, considering the special problems of developing country Members.	Developing country's difficulties experienced faced to formulating and implementing standards and technical regulations and conformity assessment procedures. Developed countries should help develop standards and technical regulations and conformity assessment procedures regarding the financial and trade needs of developing country Members to implement both national and international levels to ensure that such technical regulations, standards, and conformity assessment procedures would not

SL No.	Area of S&D Treatment in TBT	Specific Articles	Implications
		Article 12 (6) TBT- Members shall take such reasonable measures as may be available to them to ensure that international standardizing bodies, upon request of developing country Members, examine the possibility of, and, if practicable, prepare international standards concerning products of special interest to developing country Members. **Article 12 (9) TBT-** During consultations, developed country Members shall bear in mind the special difficulties experienced by developing country Members in formulating and implementing standards and technical regulations and conformity assessment procedures, and in their desire to assist developing country Members with their efforts in this direction, developed country Members shall take account of the special needs of the former in regard to financing, trade and development. **Article 12 (10) TBT-** The Committee shall examine periodically the special and differential treatment, as laid down in this Agreement, granted to developing country Members on national and international levels.	create unnecessary obstacles to exports from developing country Members.

2.6.2 LDC Specific Issues and Related Concern for Bangladesh in SPS

SPS and TBT measures, in many instances, have acted as market access barriers to exports from these countries. In addition, owing to lack of adequate resources, developing countries and LDCs were not being able to ensure compliance with many of the SPS and TBT provisions. As a result, their export potentials have continued to remain unrealized[34]. The experience of Bangladesh for example **Ban on Imports of Bangladesh Shrimp** by the EU may serve as an example of how LDCs may end up in a situation where the opportunities and risks stemming from globalization could be unevenly distributed as a result of differential capacities to

(a) ensure compliance and

(b) review and revise the relevant regulations by taking into cognizance the emerging difficulties.

2.7 Agreement on Trade-Related Investment Measures (TRIMs)

The Agreement on Trade-Related Investment Measures (TRIMs) does not allow members to apply investment measures inconsistent with Articles III (national treatment) and XI (prohibition of quantitative restrictions) of the GATT and the provisions of the TRIMs Agreement.

The LDCs were initially granted a transition period of seven years for the elimination of nonconforming TRIMs, ending in 2002. With the adoption of the Hong Kong Ministerial Declaration in 2005 (Annex F),[35] LDCs were granted a new transition period to maintain existing TRIMs for a period of seven years. They were also allowed to introduce new measures for a possible duration of five years. LDCs have been given until the end of 2020 to phase out all measures inconsistent with the TRIMs Agreement. The Hong Kong Decision requires LDC members to notify any measure that deviates from the obligations under the TRIMs Agreement. So far, no notification from any LDC has been provided.[36]

2.8. Balance-of-Payments provisions of General Agreements on Tariffs and Trade (GATT) under Articles XII and XVIII

Recognizing the provisions of Articles XII and XVIII[37]: B of GATT 1994 and of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes adopted on 28 November 1979 (BISD 26S/205–209, referred to in this Understanding as the "1979 Declaration").

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[34] Market Access Implications of SPS and TBT: Bangladesh Perspective, Prof. Mustafizur Rahman, 81-87222-69-7 CULT, 2002

[35] Hong Kong Ministerial Declaration, 22 December 2005, WT/MIN(05)/ DEC

[36] WTO 2022, Trade Impacts of LDC graduation, matters related to WTO agreements. Retrieved from https://www.wto.org/english/res_e/booksp_e/ldc_graduation_pocket_e.pdf

[37] GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

According to the paragraph 1 under Articles XII and XVIII: B of GATT 1994 and of the Declaration on Trade Measures Taken for Balance-of-Payments Purposes adopted, members need to confirm their commitment to announce publicly time- schedules for the removal of restrictive import measures taken for Balance-of-Payments purposes. Whenever a time- schedule is not publicly announced by a Member, that Member shall provide justification as to the reasons therefor. Being LDC, Bangladesh announces publicly the possible schedule of removal of restrictive import measures to tackle the balance of payment situation and notify General Council about it not the justification.

According paragraph 3 of the same article, after graduation, member would have to avoid the imposition of new quantitative restrictions for Balance-of-Payments purposes unless, because of a critical Balance-of-Payment's situation, price-based measures cannot arrest a sharp deterioration in the external payments position. In those cases, in which a member applies quantitative restrictions, it shall provide justification as to the reasons why price-based measures are not an adequate instrument to deal with the Balance-of-Payments. Now Bangladesh has the leverage in that issue and can impose quantitative restrictions for Balance-of-Payments without providing justification to the General Council.

After graduation, the country has to provide justification titled 'Basic Document' for the consultations which should include: (a) an overview of the Balance-of-Payments situation and prospects, including a consideration of the internal and external factors having a bearing on the Balance-of-Payments situation and the domestic policy measures taken in order to restore equilibrium on a sound and lasting basis; (b) a full description of the restrictions applied for Balance-of-Payments purposes, their legal basis and steps taken to reduce incidental protective effects; (c) measures taken since the last consultation to liberalize import restrictions, in the light of the conclusions of the Committee; (d) a plan for the elimination and progressive relaxation of remaining restrictions according the paragraph 11 of the same article.

2.9. Rules for the Valuation of Goods at Customs Article VII of General Agreement on Tariffs and Trade (GATT) 1994

As per agreement on implementation of article VII of general agreement on tariffs and trade (GATT) 1994 of Uruguay Round, the customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 7, Paragraph (2) b of the agreement. Bangladesh, as a member of the World Trade

Organization, adopted the Agreement on Customs Valuation, and accordingly follow the transaction value concept for its customs valuation purposes. Bangladesh has amended the Customs Act to accommodate GATT provisions (section 25 of the Customs Act 1969). As urged in the section 25 of the Customs Act, 1969 stipules that 'the actual price, that is, the price actually paid or payable, or the nearest ascertainable equivalent of such price, at which such or like goods are ordinarily sold, or offered for sale, for delivery at the time and place of importation or exportation, as the case may be, in course of international trade under fully competitive conditions, where the seller and the buyer have no interest in the business of each other and the price is the sole consideration for sale or offer for sale shall be the value for customs assessment purpose'. This is basically the transaction value of the goods[38]. Despite the general use of transaction value for customs valuation, in the case of some goods, the Government often fixes tariff values or minimum values for the purpose of levying customs duties.

Minimum Value or Tariff Value Issues: Customs Act 1969 in 1975 under section 25(7) instructed to follow tariff value. The valuation regime under Section 25(7) of the 1969 Customs Act empowered the government to fix tariff values for the purpose of levying customs duty for a number of imported products; that is, wherever tariff values are available, they replaced the lower invoiced price. The previous provision of Customs Act 1969(Section25(7) mentioned, customs duty is payable by the importer respondent on the basis of tariff value in force on the date of presentation of the bill of entry and not on the basis of invoice or tariff value in force at the time of opening of letter of credit. In 2000 under section 25(3)[39], the words "or minimum values" has been included. It is written that notwithstanding anything contained in this section, the Government may, by notification in the official Gazette, fix, for the purpose of levying customs duties, tariff values [or minimum values], for any goods imported or exported as chargeable with customs-duty ad valorem.

Fixation of minimum value was a deviation from the internationally aligned system. Transaction value is a trade friendly system while minimum value is a notional value which can be termed as a revenue friendly system. The process for introduction of transaction value requires transparency in data and information processing so that a competitive price can be fixed for imported goods. Private sector also needs to ready to use technology as it is also possible for them to check the prices of the imported goods

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[38] http://bangladeshcustoms.gov.bd/procedures/valuation/123
[39] http://bangladeshcustoms.gov.bd/sro/9._SRO57-Law-2000-1821-Cus_2000_CustomsValuation(DeterminationOfValueForImportedGoods)Rules-2000_.pdf

available online. Rapid modernization of customs policies is one of the priorities now to face challenges of LDC graduation.

Table 13 Special and differential treatment to least developed countries under World Trade Organization agreements

SL.	S&DT Provisions under agreements of WTO	S&DT Type
Agreement on Agriculture (AoA) Three provisions (Article 15.2, Article 16.1 and Article 16.2)		
1.	Article 15.2: LDCs are exempt from undertaking reduction commitments.	Transitional time-periods
2.	Article 16.1: Members to take action in line with the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs.[40]	Technical assistance
	Article 16.2 The Committee on Agriculture shall monitor, as appropriate, the follow-up to this Decision.	Technical assistance
Application of Sanitary and Phytosanitary Measures (SPS)		
3.	Article 10 Members are required to take a particular account of LDCs in preparing and applying SPS measures.	Provisions under which WTO Members should safeguard the interests of developing country Members
4.	Article 14 LDCs had the possibility of delaying, for up to five years, the implementation of provisions of the Agreement with respect to their sanitary and phytosanitary measures affecting imports. The transition period expired on 1 January 2000.	**Flexibility of commitments**, Transitional time-periods
Agreement on Technical Barriers to Trade **(**Three provisions (Article 11.8; Article 12.7 and Article 12.8)[41]		

[40] Information on actions undertaken within the framework of the decision is contained in the comments relating to paragraph 3(iii) of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and NFIDCs. Paragraph 3(iii) of LDCs and NFIDCs: To give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.

[41] WTO, WT/COMTD/W/271, March 2023, Special and differential treatment provisions in WTO agreements and decisions. Retrieved from https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/COMTD/W271.pdf&Open=True

SL.	S&DT Provisions under agreements of WTO	S&DT Type
5.	Article 11.8: In providing advice and technical assistance to other members in terms of Article 11:1 to 11:7, members shall give priority to the needs of the LDCs.	Technical assistance
6.	Article 12.7: Particular account to be taken of LDCs in the provision of technical assistance with respect to the preparation and application of technical regulations.	Technical assistance
7.	Article 12.8: TBT Committee is required to take into account special problems of LDCs in granting time-limited exceptions under the TBT Agreement.	Safeguard the interests of LDC Members
Agreement on Trade-Related Investment Measures (TRIMs)		
8.	Article 5: LDCs had a seven-year transitional period to eliminate TRIMS that are inconsistent with the Agreement. The transition period expired on 1 January 2002. The adoption of the Hong Kong Ministerial Declaration in 2005 (Annex F) allowed to introduce new transition periods.	Transitional time period
Agreement on Trade Facilitation Nine articles related to S&DTs for LDCs (Articles 13, 14, 15, 16, 17, 18, 19, 20 and 21)		
9.	**Article 13: General Principles** **13.3.** Least-developed country Members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.	Flexibility of commitments, of action, and use of policy
10.	**Article 14: Categories of Provisions:** **14.1 (a)** Category A contains provisions that a least-developed country Member designates for implementation upon entry into force of this Agreement, or in the case of a least-developed country Member within one year after entry into force, as provided in Article 15.	Transitional time period
11.	**Article 15: Notification and Implementation of Category A:** **15.2.** An LDC may notify the Committee of the provisions it has designated in Category A for up to one year after entry into force of this Agreement. Each LDC Member's commitments designated under Category A will thereby be made an integral part of this Agreement.	Transitional time period

SL.	S&DT Provisions under agreements of WTO	S&DT Type
12.	**Article 16: Notification of Definitive Dates for Implementation of Category B And Category C:** **16.2.** With respect to those provisions that a least-developed country Member has not designated under Category A, least-developed country Members may delay implementation in accordance with the process set forth in this Article.	Transitional time period
	Least-Developed Country Member Category B **16.2.** (a) No later than one year after entry into force of this Agreement, a less-developed country Member shall notify the Committee of its Category B provisions and may notify their corresponding indicative dates for implementation of these provisions, taking into account maximum flexibilities for least-developed country Members.	
	16.2. (b) No later than two years after the notification date stipulated under subparagraph (a) above, each least-developed country Member shall notify the Committee to confirm designations of provisions and notify its dates for implementation. If a least-developed country Member, before this deadline, believes it requires additional time to notify its definitive dates, the Member may request that the Committee extend the period sufficiently to notify its dates.	
	Least-Developed Country Member Category C **16.2.** (c) For transparency purposes and to facilitate arrangements with donors, one year after entry into force of this Agreement, each least-developed country Member shall notify the Committee of the provisions it has designated in Category C, taking into account maximum flexibilities for least-developed country Members.	Transitional time period
	16.2. (d) One year after the date stipulated in subparagraph (c) above, least-developed country Members shall notify	Transitional time period and Technical Assistance

SL.	S&DT Provisions under agreements of WTO	S&DT Type
	information on assistance and support for capacity building that the Member requires in order to implement.[42]	
	16.2. (e) No later than two years after the notification under subparagraph (d) above, least-developed country Members and relevant donor Members, taking into account information submitted pursuant to subparagraph (d) above, shall provide information to the Committee on the arrangements maintained or entered into that are necessary to provide assistance and support for capacity building to enable implementation of Category C.[43] The participating least-developed country Member shall promptly inform the Committee of such arrangements. The least-developed country Member shall, at the same time, notify indicative dates for implementation of corresponding Category C commitments covered by the assistance and support arrangements. The Committee shall also invite non-Member donors to provide information on existing and concluded arrangements.	Technical Assistance
	16.2. (f) No later than 18 months from the date of the provision of the information stipulated in subparagraph (e), relevant donor Members and respective least-developed country Members shall inform the Committee of the progress in the provision of assistance and support for capacity building. Each least-developed country Member shall, at the same time, notify the Committee of its list of definitive dates for implementation.	Technical Assistance
13.	**Article 17: Early Warning Mechanism: Extension of Implementation Dates for Provisions in Categories B And C**	Transitional Time Periods
	17.1 (a). A developing country Member or least-developed country Member that considers itself to be experiencing	

[42] Members may also include information on national trade facilitation implementation plans or projects, the domestic agency or entity responsible for implementation, and the donors with which the Member may have an arrangement in place to provide assistance.
[43] Such arrangements will be on mutually agreed terms, either bilaterally or through appropriate international organizations, consistent with paragraph 3 of Article 21.

SL.	S&DT Provisions under agreements of WTO	S&DT Type
	difficulty in implementing a provision that it has designated in Category B or Category C by the definitive date established under subparagraphs 1(b) or (e) of Article 16, or in the case of a least-developed country Member subparagraphs 2(b) or (f) of Article 16, should notify the Committee. Developing country Members shall notify the Committee no later than 120 days before the expiration of the implementation date. Least-developed country Members shall notify the Committee no later than 90 days before such date.	
	17.2. Where a developing country Member's request for additional time for implementation does not exceed 18 months or a least-developed country Member's request for additional time does not exceed 3 years, the requesting Member is entitled to such additional time without any further action by the Committee.	Transitional Time Periods
	17.3. Where a developing country or least developed country Member considers that it requires a first extension longer than that provided for in paragraph 2 or a second or any subsequent extension, it shall submit to the Committee a request for an extension containing the information described in subparagraph 1(b) no later than 120 days in respect of a developing country Member and 90 days in respect of a least developed country Member before the expiration of the original definitive implementation date or that date as subsequently extended.	Transitional Time Periods
14.	**Article 18: Implementation of Category B And Category C**	
	18.4. The Expert Group shall consider the Member's self-assessment of lack of capacity and shall make a recommendation to the Committee. When considering the Expert Group's recommendation concerning a least developed country Member, the Committee shall, as appropriate, take action that will facilitate the acquisition of sustainable implementation capacity.	Transitional time periods

SL.	S&DT Provisions under agreements of WTO	S&DT Type
	Article 19: Shifting Between Categories B and C	
	19.2 (c) In the event that additional time is required to implement a provision shifted from Category B to Category C, in case of a least developed country Member, any new implementation date of more than four years after the original date notified under Category B shall require approval by the Committee. In addition, a least developed country Member shall continue to have recourse to Article 17. It is understood that assistance and support for capacity building is required for a least developed country Member so shifting	Flexibility
15.	**Article 20: Grace Period for the Application of The Understanding on Rules and Procedures Governing the Settlement of Disputes**	Flexibility of commitments, of action, and use of policy instruments
	20.2. For a period of six years after entry into force of this Agreement, the provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes shall not apply to the settlement of disputes against a least developed country Member concerning any provision that the Member has designated in Category A.	
	20.3. For a period of eight years after implementation of a provision under Category B or C by a least developed country Member, the provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes shall not apply to the settlement of disputes against that least developed country Member concerning that provision.	Flexibility of commitments, of action, and use of policy instruments
	20.4. Notwithstanding the grace period for the application of the Understanding on Rules and Procedures Governing the Settlement of Disputes, before making a request for consultations pursuant to Articles XXII or XXIII of GATT 1994, and at all stages of dispute settlement procedures with regard to a measure of	Flexibility

SL.	S&DT Provisions under agreements of WTO	S&DT Type
	a least developed country Member, a Member shall give particular consideration to the special situation of least developed country Members. In this regard, Members shall exercise due restraint in raising matters under the Understanding on Rules and Procedures Governing the Settlement of Disputes involving least developed country Members.	
16.	**Article 21: Provision of Assistance and Support for Capacity Building**	
	21.2. Given the special needs of least developed country Members, targeted assistance and support should be provided to the least developed country Members so as to help them build sustainable capacity to implement their commitments. Through the relevant development cooperation mechanisms and consistent with the principles of technical assistance and support for capacity building as referred to in paragraph 3, development partners shall endeavour to provide assistance and support for capacity building in this area in a way that does not compromise existing development priorities.	Technical Assistance
	21.3.d(ii) Members shall endeavour to apply the following principles for providing assistance and support for capacity building with regard to the implementation of this Agreement: Members shall endeavour to apply the following principles for providing assistance and support for capacity building with regard to the implementation of this Agreement: for least developed country Members, the Enhanced Integrated Framework for trade -related assistance for the least developed countries should be a part of this coordination process;	Technical Assistance
General Agreement on Trade In Services (GATS) Two Provisions (Article IV: 3; Article XIX: 3).		
17.	**Article IV:3** Special priority given to LDCs in implementing Article IV of GATS (increasing participation	Technical Assistance for

SL.	S&DT Provisions under agreements of WTO	S&DT Type
	of developing countries), and particular account to be taken of the difficulties encountered by LDCs in accepting negotiated commitments, owing to their particular needs. Special consideration is given to LDCs with regard to encouraging foreign suppliers to assist in technology transfers, training and other activities for developing telecommunications.	Trade related capacity development
18.	Article XIX:3 For each round, negotiating guidelines and procedures shall be established. For purposes of establishing such guidelines, the Council for Trade in Services shall carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of this Agreement. Negotiating guidelines shall establish modalities for the special treatment for LDCs under the provisions of Article IV:3.	Provisions under which WTO Members should safeguard the interests of developing country Members
Agreement On Trade-Related Aspects of Intellectual Property Rights (TRIPS)		
19.	Preamble recognizes the special needs of LDCs with respect to maximum flexibility in the domestic implementation of laws and regulations, in order to enable them to create a sound and viable technological base.	Provisions under which WTO Members should safeguard the interests of developing country Members and LDCs
20.	Article 66.1 In view of the special needs and requirements of least developed country Members, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base, such Members shall not be required to apply the provisions of this Agreement, other than Articles 3, 4 and 5, for a period of 10 years from the date of application as defined under Article 65.1. The Council for TRIPS shall, upon duly motivated request by a least developed country Member, accord extensions of this period.	

SL.	S&DT Provisions under agreements of WTO	S&DT Type
21.	Article 66.2 Developed country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least developed country Members in order to enable them to create a sound and viable technological base.	Technical Assistance
	Article 31 bis. 3:[44] If developing country or LDC members is a party to a Regional Trade Agreement in which at least half of the members are LDCs, Art 31(f) shall not apply to the extent necessary to enable a pharmaceutical product produced or imported under a compulsory licence in that member to be exported to the markets of those other developing or LDC parties to the regional trade agreement that share the health problem in question.	
	Annex para. 1.b. "Eligible importing member" means any LDC member, and any other member that has made a notification to the Council for TRIPS of its intention to use the system set out in Article 31bis and this Annex ("system") as an importer, it being understood that a member may notify at any time that it will use the system in whole or in a limited way, e.g. only in the case of a national emergency or other circumstances of extreme urgency, or in cases of public non-commercial use.[45]	
	Annex 2.a(2) Exempts LDCs from providing notification confirming that the eligible importing member has established that it has insufficient or no manufacturing capacities in the pharmaceutical sector for the product(s) in question in one of the ways set out in the Appendix to this Annex.[46]	
	Appendix Least-developed country members are deemed to have insufficient or no manufacturing capacities in the pharmaceutical sector.[47]	

[44] WTO Trade impacts of LDC graduation 2022.
[45] WTO Trade impacts of LDC graduation 2022.
[46] WTO Trade impacts of LDC graduation 2022.
[47] WTO Trade impacts of LDC graduation 2022.

SL.	S&DT Provisions under agreements of WTO	S&DT Type
Understanding on rules and procedures governing the settlement of disputes. Two provisions (Article 24.1 and Article 24.2).		
22.	Article 24.1 Particular consideration should be given to the special situation of LDCs in all stages of a dispute involving an LDC. Members should exercise due restraint in raising matters involving an LDC.	
23.	Article 24.2 LDCs may request use of the offices of the Director-General or the Chairman of the Dispute Settlement Body.	
The Agreement on Government Procurement (2012) (GPA 2012) **(**Three provisions (Preamble to the GPA 2012 (5th recital); Article V.1; and Article V.4))		
24.	Preamble (5th recital) to the GPA 2012: "Recognizing the need to take into account the development, financial and trade needs of developing countries, in particular the least developed countries"	
25.	Article V.1. - In negotiations on accession to, and in the implementation and administration of, this Agreement, the Parties shall give special consideration to the development, financial and trade needs and circumstances of developing countries and least developed countries (collectively referred to hereinafter as "developing countries", unless specifically identified otherwise), recognizing that these may differ significantly from country to country. As provided for in this Article and on request, the Parties shall accord S&D to: (a) least developed countries; and […]	
26.	Article V.4. - In negotiations on accession to this Agreement, the Parties may agree to the delayed application of any specific obligation in this Agreement, other than Article IV:1(b), by the acceding developing country while that country implements the obligation. The implementation period shall be: (a) for a least developed country, five years after its accession to this Agreement;	

SL.	S&DT Provisions under agreements of WTO	S&DT Type
General S&DT for both LDC and developing country		
Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade (GATT) 1994		
	Para. 8 and 9 Simplified consultation procedures may be used. 8. Consultations may be held under the simplified procedures approved on 19 December 1972 (BISD 20S/47-49, referred to in this Understanding as "simplified consultation procedures") in the case of least developed country Members or in the case of developing country Members which are pursuing liberalization efforts in conformity with the schedule presented to the Committee in previous consultations. Simplified consultation procedures may also be used when the Trade Policy Review of a developing country Member is scheduled for the same calendar year as the date fixed for the consultations. In such cases the decision as to whether full consultation procedures should be used will be made on the basis of the factors enumerated in paragraph 8 of the 1979 Declaration. Except in the case of least developed country Members, no more than two successive consultations may be held under simplified consultation procedures.	Flexibility of commitments, of action, and use of policy instruments
Agreement on Subsidies and Countervailing Measures (SCM)		
	Article 27.2(a) LDCs are exempt from prohibition of export subsidies.	Flexibility of commitments, of action, and use of policy instruments
	Article 27.3 LDCs had an eight-year transition period regarding the prohibition of domestic content subsidies. The transition period expired on 1 January 2003.	Transitional time

Source: WTO Trade impacts of LDC graduation 2022.

In addition to special and differential treatment provisions under the WTO agreements and related decisions, there are measures to support LDCs within WTO. Discussions in the Subcommittee on the Least Developed Countries follow the work programme for the LDCs, which covers systemic issues of interest to LDCs in the multilateral trading system.

2.10 S&DT in WTO Ministerial Conference, General Council and other Relevant Decisions or Declarations

The following section includes Ministerial, General Council and other relevant Decisions or Declarations providing S&DT or making reference to least developed countries. The left-hand column of the table shows the relevant provisions from each included Decision or Declaration, and in the right-hand column titled "Comment", any relevant information including on their implementation:

Table 14: S&DT in WTO Ministerial Conference, General Council and other relevant decisions or declarations

Date/MC	Provision	Comments
S&DT Type: Special treatment of the least developed among the developing countries in the context of any general or specific measures in favour of developing countries		
28 November 1979 (Enabling Clause - L/4903)	Differential and More Favorable Treatment, Reciprocity and Fuller Participation of Developing Countries.	Most developed countries accord special preferences to LDCs through LDC-specific components of their GSP schemes. In particular, nearly all developed country Members provide either full or significant DFQF market access to LDC products[48]
S&DT Type: Decision on Measures in Favour of Least Developed Countries.		
15 December 1993	Expeditious implementation of all special and differential measures taken in favour of least developed countries including those taken within the context of the Uruguay Round shall be ensured through, inter alia, regular reviews	The Decision asks Members to continue to seek the adoption of positive measures to facilitate expansion of trading opportunities for LDCs. One among the three significant LDC Agreement-specific proposals under the S&D work program is the comprehensive decision on duty-free and quota-free (DFQF) market access for LDC products.[49]
S&DT Type: Adaptation of the guidelines to ensure that an increasing proportion of basic foodstuffs is provided to least developed and net food-importing developing countries in fully grant form and/or on appropriate concessional terms in line with Article IV of the Food Aid Convention 1986		
15 December 1993	Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries	Under the Food Aid Convention 1999, all food aid provided to LDCs was to be in the form of grants. Overall, food aid in the form of grants is to represent, at a minimum, 80% of FAC member's contributions and donors are to seek to progressively exceed this share.

[48] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 119

[49] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 121

Date/MC	Provision	Comments
		Similarly, under the Food Assistance Convention, no less than 80% of a party's committed food assistance to eligible countries and vulnerable populations shall be in fully grant form[50]
	To give full consideration in the context of their aid programmes to requests for the provision of technical and financial assistance to least developed and net food-importing developing countries to improve their agricultural productivity and infrastructure.	During the Committee's annual monitoring exercise of the Marrakesh NFIDC Decision, the provision of technical and financial assistance continues to be subject of review.[51]
S&DT Types: Preferential Tariff Treatment for Least Developed Countries – Decision on Waiver[52]		
General Council-15 June 1999 (WT/L/304)	Considering the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries and the 1994 Decision on Measures in Favour of Least Developed Countries, and without prejudice to rights of Members to continue to act pursuant to the provisions contained in those Decisions.	Six developing Members-China, Chile, India, Korea, Chinese Taipei and Thailand have notified DFQF schemes in favour of LDCs to the WTO.
	Members, acting pursuant to the provisions of paragraph 3 of Article IX of the WTO Agreement, Decide that Any preferential tariff treatment implemented pursuant to this Waiver shall be designed to facilitate and promote the trade of least developed countries and not to raise barriers or create undue difficulties for the trade of any other Member. Such preferential tariff treatment shall not constitute an impediment to the reduction or elimination of tariffs on a most -favoured -nation basis.	
S&DT Type: Accession of Least Developed Countries[53]		
General Council-10 December 2002 (WT/L/508)	**Market access** - WTO Members shall exercise restraint in seeking concessions and commitments on trade in goods and services from acceding LDCs, taking into account the levels of concessions and commitments undertaken by existing WTO LDCs' Members;	The adoption of the Guidelines on LDCs' Accessions in December 2002 marked a concrete step in favour of acceding LDCs. In addition, building on the 2002 guidelines a new set of provisions were adopted by the General Council in 2012 to further facilitate the accession of LDCs to the WTO. Accession terms of LDCs are to be negotiated in accordance with these two important decisions by WTO Members. WTO Members
	WTO rules - S&D, as set out in the Multilateral Trade Agreements, Ministerial Decisions, and other relevant WTO legal instruments, shall be applicable to all acceding LDCs, from the date of entry into force of their respective Protocols of Accession	

[50] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 126
[51] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 127
[52] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 128
[53] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, page 130

Date/MC	Provision	Comments
	Process - The good offices of the Director -General shall be available to assist acceding LDCs and Chairpersons of the LDCs' Accession Working Parties in implementing this decision	have emphasized their commitment to implement these guidelines.
	Trade -related technical assistance and capacity building - Targeted and coordinated technical assistance and capacity building, by WTO and other relevant multilateral, regional and bilateral development partners, including inter alia under the Integrated Framework (IF), shall be provided, on a priority basis, to assist acceding LDCs. Assistance shall be WT/COMTD/W/271 - 132 - PROVISION COMMENT accorded with the objective of effectively integrating the acceding LDC into the multilateral trading system	
S&DT Type: The implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health (WT/L/540 and WT/L/540/Corr.1) [54]		
General Council-30 August 2003, GC	An eligible importing Member that is a developing country Member or a least developed country Member experiences difficulty in implementing this provision, developed country Members shall provide, on request and on mutually agreed terms and conditions, technical and financial cooperation in order to facilitate its implementation.	The Decision provides for an annual review of the functioning of the System by the TRIPS Council and an annual report on its operation to the General Council (most recently in document IP/C/90). In 2010 and 2011, those reviews had been framed by a more structured debate which, beyond the narrow aspects of the System's operation, extended to broader issues related to the innovation of and access to medical technologies.
S&DT Type: Modalities for the Special Treatment for Least Developed Country Members in the Negotiations on Trade in Services – Adopted by the Special Session of the Council for Trade in Services[55]		
Council for Trade in Services **Special Session-** 3 September 2003 (TN/S/13)	**Objectives of the principles:** In pursuance of the objectives of the GATS and as required by Article XIX:3 of the GATS special treatment for least developed country Members (LDCs) shall be granted by providing special priority to LDCs in the implementation of paragraphs 1 and 2 of Article IV of the GATS	
	Scope: Members shall take into account the serious difficulty of LDCs in undertaking negotiated specific commitments in view of their special economic situation, and therefore shall exercise restraint in seeking commitments from LDCs	In paragraph 26 of the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC), Ministers "recognize the particular economic situation of LDCs, including the difficulties they face, and acknowledge that they are not expected to undertake new commitments.

[54] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271Page 133

[55] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271Page 134

Date/MC	Provision	Comments
	Principles for the provision of technical assistance with regard to trade in services: Targeted and coordinated technical assistance and capacity building programmes shall continue to be provided to LDCs in order to strengthen their domestic services capacity, build institutional and human capacity, and enable them to undertake appropriate regulatory reforms	
S&DT Type: Other Decisions in Favour of Least Developed Countries – Annex F of the Hong Kong Ministerial Declaration[56]		
6th Ministerial Conference, Hong Kong, 18 December 2005 (WT/MIN(05)/DEC)	**Understanding in Respect of Waivers of Obligations under the GATT 1994** (i) Requesting for waivers by least developed country Members under Article IX of the WTO Agreement and the Understanding in respect of Waivers of Obligations under the GATT 1994 shall be given positive consideration and a decision taken within 60 days. (ii) When considering requests for waivers by other Members exclusively in favour of least developed country Members, a decision shall be taken within 60 days, or in exceptional circumstances as expeditiously as possible thereafter	WTO Members have been responsive in relation to requests for waivers by LDCs or by other Members. In 2009 and 2019, Members adopted Decisions to extend the waiver on "Preferential Tariff Treatment for Least Developed Countries" (WT/L/759 and WT/L/1069.
	Decision on Measures in Favour of Least Developed Countries- Provide duty-free and quota-free market access on a lasting basis, for all products originating from all LDCs by 2008 or no later than the start of the implementation period. Members facing difficulties at this time to provide market access as set out above shall provide duty-free and quota-free market access for at least 97% of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period	An item concerning DFQF market access for LDCs is reflected on the agenda of each regular CTD meeting. In addition, as per the Ministerial Decision, annual reviews are carried out in the CTD, typically in the last meeting of the calendar year. Members have provided information on the steps they are taking, or have already taken, to provide DFQF market access to LDCs. At the Bali Ministerial Conference in 2013, Members adopted a decision that provided further impetus to provide DFQF market access for LDC products (WT/L/919; see Section 7.21, including for more recent developments).
	Agreement on Trade-Related Investment Measures LDCs shall be allowed to maintain on a temporary basis existing measures that deviate from their obligations under the TRIMs Agreement	The two-year period for notification referred to in the first paragraph expired on 18 January 2008 with no notifications received from any least developed countries. So far, no notifications have been received under the second paragraph.

[56] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271,Page 138

Date/MC	Provision	Comments
	Least developed country Members, will only be required to undertake commitments and concessions to the extent consistent with their individual development, financial and trade needs, their administrative and institutional capabilities	Aid-for-Trade commitments to LDCs amounted to USD 19.7 billion in 2020, constituting a 179.5% increase compared to the yearly amount for 2006. Aidfor-Trade disbursements to LDCs amounted to USD 14.0 billion in 2020, constituting a 169.2% increase in real terms as compared to the 2006 figure.
S&DT Type: Transparency Mechanism for Regional Trade Agreements		
General Council, 14 December 2006 (WT/L/671)	Upon request, the WTO Secretariat shall provide technical support to least developed countries, in the implementation of this Transparency Mechanism, particularly with respect to the preparation of RTA-related data	Recognizing the resource and technical constraints of developing country Members, the Decision provides for the provisions of technical support to developing country Members for the implementation of the Transparency Mechanism.
S&DT Type: Preferential Treatment to Services and Service Suppliers of Least Developed Countries[57]		
General Council -17 December 2011 (WT/L/847)	Members may provide preferential treatment to services and service suppliers of least developed countries with respect to the application of measures described in Article XVI and any other measures as may be annexed to this waiver, than to like services and service suppliers of other Members. Any such treatment shall be granted immediately and unconditionally to like services and service suppliers of all least developed country Members. Preferential treatment with respect to the application of measures other than those described in Article XVI, is subject to approval by the Council for Trade in Services in accordance with its procedures and will be annexed to this waiver.	Twenty-five notifications of preferential treatment under the LDC Waiver have been submitted to date. At the meetings of the Council for Trade in Services on 2 November 2015 and 18 March 2016, preferential treatment with respect to the application of measures other than those described in Article XVI set out in the notifications by Switzerland, Iceland, Turkey Norway, India, China, the European Union, South Africa, Canada, and Thailand was approved by the Council for Trade in Services.[58]
S&DT Type: Accession of Least Developed Countries[59]		
General Council -25 July 2012 (WT/L/508/Add.1)	The 2002 LDC Accession Guidelines shall be strengthened, streamlined and operationalized in accordance with the provisions- BENCHMARKS ON GOODS (Agriculture and non-agriculture), benchmarks on services, transparency in accession negotiations, S&D and transition periods, technical assistance. This Decision is to be considered as an Addendum to the 2002 LDC Accession Guidelines.	In the MC12 Outcome Document adopted on 17 June 2022 (WT/MIN(22)/24 – WT/L/1135), Ministers reiterated their commitment to facilitate the conclusion of ongoing accession negotiations, especially for LDCs fully in line with the General Council guidelines on LDC accessions.
S&DT Type: Cotton – Ministerial Decision[60]		

[57] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, Page 145
[58] S/C/M/125, paragraph 1.62, and S/C/M/126, paragraph 3.15, respectively
[59]SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, Page 147
[60] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, Page 156

Date/MC	Provision	Comments
9th Ministerial conference, Bali, 7 December 2013 (WT/MIN(13)/41 - WT/L/916)	All forms of export subsidies for cotton and all export measures with equivalent effect, domestic support for cotton and tariff measures and non-tariff measures applied to cotton exports from LDCs in markets of interest to them.	Between the Bali Ministerial Conference and the Nairobi Ministerial Conference (see Section 7.28 below), four dedicated discussions of the relevant trade related developments for cotton took place on 20 June 2014, 28 November 2014, 9 July 2015, and 26 November 2015.
S&DT Type : Preferential Rules of Origin for Least Developed Countries[61]		
9th Ministerial conference, Bali, 7 December 2013 (WT/MIN(13)/42 – WT/L/917)	With a view to facilitating market access for LDCs provided under non-reciprocal preferential trade arrangements for LDCs, Members should endeavor to develop or build on their individual rules of origin arrangements applicable to imports from LDCs in accordance with elements for preferential rules of origin, documentary requirements and transparency.	By adopting this Ministerial Decision, Members broke new ground as they agreed, for the first time, on a set of multilateral guidelines on preferential rules of origin.
S&DT Type: Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of Least Developed Countries[62]		
9th Ministerial conference, Bali, 7 December 2013 (WT/MIN(13)/43 - WT/L/918)	With a view to accelerating the process of securing meaningful preferences for LDCs' services and service suppliers, the Council for Trade in Services shall convene a High-level meeting six months after the submission of an LDC collective request identifying the sectors and modes of supply of particular export interest to them	The LDC collective request was submitted on 23 July 2014 (S/C/W/356 and S/C/W/356/Corr.1, and S/C/W/356/Corr.2). The High-level meeting was held on 5 February 2015 (S/C/M/121).
S&DT Type: Duty-Free and Quota-Free Market Access for Least Developed Countries[63]		
9th Ministerial conference, Bali, 7 December 2013 (WT/MIN(13)/44 - WT/L/919)	Developed country Members that do not yet provide duty-free and quota-free market access for at least 97% of products originating from LDCs, defined at the tariff line level, shall seek to improve their existing duty-free and quota free coverage for such products, so as to provide increasingly greater market access to LDCs, prior to the next Ministerial Conference; Developing country Members, declaring themselves in a position to do so, shall seek to provide duty-free and quota-free market access for products originating from LDCs, or shall seek to improve their existing duty-free and quota-free coverage for such products, to provide increasingly greater market access to LDCs, prior to the next Ministerial Conference;	Progress in preferential market access for LDCs, including DFQF market access, is also registered in an annual Secretariat Note, which is prepared to facilitate the annual review of the Sub-Committee on LDCs of market access for products originating from LDCs. The 2022 version of this Note is contained in document WT/COMTD/LDC/W/70.

[61] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271, Page 157
[62] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271,Page 160
[63] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271,Page 161

Date/MC	Provision	Comments
	Members shall notify duty-free and quota-free schemes for LDCs and any other relevant changes pursuant to the Transparency Mechanism for Preferential Trade Arrangements; The Committee on Trade and Development shall continue to annually review the steps taken to provide duty-free and quota-free market access to the LDCs, and report to the General Council for appropriate action	
S&DT Type: Extension of the Transition Period under Article 66.1 of the TRIPS Agreement for Least Developed Country Members for Certain Obligations with Respect to Pharmaceutical Products[64]		
Decision of the Council for TRIPS of 6 November 2015 (IP/C/73)	Least developed country Members will not be obliged, with respect to pharmaceutical products, to implement or apply Sections 5 and 7 of Part II of the TRIPS Agreement or to enforce rights provided for under these Sections until 1 January 2033, or until such a date on which they cease to be a least developed country Member, whichever date is earlier.	When Rwanda made use of the System established under the Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, it referred to the earlier TRIPS Council Decision of 27 June 2002 that had initially extended the transition period in the pharmaceutical sector until 1 January 2016 (IP/C/25) as constituting the basis for its decision not to enforce patent rights that may have been granted within its territory with respect to pharmaceutical products to be imported under the system (IP/N/9/RWA/1).
S&DT Type: Least Developed Country Members – Obligations under Article 70.8 and Article 70.9 of the TRIPS Agreement with Respect to Pharmaceutical Products[65]		
General Council Decision of 30 November 2015 (WT/L/971)	Recalling the decision of the General Council on LDCs – Obligations Under Article 70.9 of the TRIPS Agreement With Respect to Pharmaceutical Products (WT/L/478), adopted by the General Council at its meeting of 8 July 2002; Having regard to the request from LDCs, dated 23 February 2015, for a waiver from obligations under paragraph 8 of Article 70 of the TRIPS Agreement and a further extension of the waiver from obligations under paragraph 9 of Article 70 of the TRIPS Agreement with respect to pharmaceutical products (IP/C/W/605); Noting the decision of the Council for TRIPS on the Extension of the Transition Period under Article 66.1 of the TRIPS Agreement for Least Developed Country Members for Certain Obligations with Respect to	

[64]SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271 Page 164

[65] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271Page 165

Date/MC	Provision	Comments
	Pharmaceutical Products, adopted by the Council for TRIPS at its meeting of 6 November 2015 (IP/C/73); Recalling the decision of the Council for TRIPS on the Extension of the Transition Period under Article 66.1 of the TRIPS Agreement for Least Developed Country Members for Certain Obligations with Respect to Pharmaceutical Products (IP/C/25), adopted by the Council for TRIPS at its meeting of 25-27 June 2002, pursuant to the instructions of the Ministerial Conference contained in paragraph 7 of the Declaration on the TRIPS Agreement and Public Health (WT/MIN(01)/DEC/2) (the "Declaration"	
S&DT Type: Export Competition – Ministerial Decision		
10th Ministerial Conference Nairobi, 19 December 2015 (WT/MIN/(15)/45 - WT/L/980)[66]	Special and Differential Treatment: Developing country Member providers of export financing support shall be eligible to benefit from the following: Maximum repayment terms: the developing country Members concerned shall have a phase-in period of four years after the first day of the implementation period by the end of which to fully implement the maximum repayment term of 18 months. This shall be achieved as follows: (a) on the first day of implementation, the maximum repayment term for any new support entered into shall be 36 months; (b) two years after implementation, the maximum repayment term for any new support to be entered into shall be 27 months; (c) four years after implementation, the maximum repayment term of 18 months shall apply.	
S&DT Type: Preferential Rules of Origin for Least Developed Countries[67]		
10th Ministerial Conference Nairobi, 19 December 2015 (WT/MIN(15)/47 - WT/L/917/Add.1)	Recalling the "Decision on Measures in Favour of Least Developed Countries" (Annex F of the Hong Kong Ministerial Declaration): "Developed country Members shall, and developing country Members declaring themselves in a position to do so should: ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access"	Building on the 2013 Decision, the 2015 Decision adopted in Nairobi contains specific commitments and recommendations concerning the design of rules of origin and origin requirements. It only governs the rules applicable to nonreciprocal preferences for LDCs.

[66] WTO. (2023). Special And Differential Treatment Provisions In WTO Agreements And Decisions, WT/COMTD/W/271, Page 169
[67] WTO. (2023). Special And Differential Treatment Provisions In WTO Agreements And Decisions, WT/COMTD/W/271, Page 175

Date/MC	Provision	Comments
S&DT Type: Implementation of Preferential Treatment in favour of Services and Service Suppliers of Least Developed Countries and Increasing LDC Participation in Services Trade		
10th Ministerial Conference Nairobi,19 December 2015 (WT/MIN(15)/48 - WT/L/982)	The Council for Trade in Services shall: • maintain a standing agenda item to review and promote the operationalization of the Waiver; •expeditiously consider approval of notified preferences relating to measures other than those described in GATS Article XVI, in accordance with the Waiver; • with a view to furthering the objectives of GATS Article IV, facilitate an exchange of information by Members on technical assistance measures undertaken to promote the increasing participation of LDCs in world services trade; • initiate a process to review the operation of notified preferences, on the basis of information provided by Members. In support of that process, Members may request WTO Secretariat inputs, as appropriate; and • further discuss any issues that may facilitate benefits provided under the notified preferences	The Operationalization of the LDC services Waiver has been made a standing item on the Council's agenda. All preferences relating to measures other than those described in GATS Article XVI notified thus far have been expeditiously considered and approved.
S& DT Type: Extension of the Transition Period under Article 66.1 for Least Developed Country Members [68]		
Decision of the Council for TRIPS of 29 June 2021 (IP/C/88)	Least developed country Members shall not be required to apply the provisions of the Agreement, other than Articles 3, 4 and 5, until 1 July 2034, or until such a date on which they cease to be a least developed country Member, whichever date is earlier	The general transition period for least developed country Members was initially due to expire on 1 January 2006. Recognizing their special needs and requirements, the TRIPS Council adopted a Decision on 29 November 2005 that extended the transition period under Article 66.1 for least developed country Members until 1 July 2013 (IP/C/40). The TRIPS Council adopted a Decision on 11 June 2013 that further extended the transition period until 1 July 2021 (IP/C/64). Subsequently, a further Decision was adopted on 29 June 2021 to extend the transition period until 1 July 2034 (IP/C/W/88).
S&DT type: Ministerial Decision on the TRIPS Agreement		
12th Ministerial Conference Geneva,17	1. Under the provision of patent rights under its domestic legislation, an eligible member may limit the rights provided for under Article	country Members except those that made a binding commitment not to avail themselves of this Decision, to

[68] SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS IN WTO AGREEMENTS AND DECISIONS, WT/COMTD/W/271,Page 182

Date/MC	Provision	Comments
June 2022 (WT/MIN(22)/30 - WT/L/1141)	28.1 of the TRIPS Agreement by authorizing the use of the subject matter of a patent required for the production and supply of COVID-19 vaccines without the consent of the right holder to the extent necessary to address the COVID-19 pandemic, in accordance with the provisions of Article 31 of the Agreement. 2. An eligible Member may authorize the use of the subject matter of a patent under Article 31 without the right holder's consent through any instrument available in the law of the Member such as executive orders, emergency decrees, government use authorizations, and judicial or administrative orders, whether or not a Member has a compulsory license regime in place. 3. Recognizing the importance of the timely availability of and access to COVID-19 vaccines, it is understood that Article 39.3 of the Agreement does not prevent an eligible Member from enabling the rapid approval for use of a COVID-19 vaccine produced under this Decision. 4. For purposes of transparency, as soon as possible after the adoption of the measure, an eligible Member shall communicate to the Council for TRIPS any measure related to the implementation of this Decision, including the granting of an authorization. 5. An eligible Member may apply the provisions of this Decision until 5 years from the date of this Decision. The General Council may extend such a period taking into consideration the exceptional circumstances of the COVID-19 pandemic. The General Council will review annually the operation of this Decision. 6. Members shall not challenge any measures taken in conformity with this Decision under subparagraphs 1(b) and 1(c) of Article XXIII of the GATT 1994.	work together to overcome potential intellectual property obstacles to expanding and geographically diversifying COVID-19 vaccine production capacity, with a view to promoting access and resilience. To do this, it creates an additional, streamlined avenue for developing country Members to export production of generic vaccines to Members in need, without the requirement for those needs to be communicated in advance

Date/MC	Provision	Comments
	7. No later than six months from the date of this Decision, Members will decide on its extension to cover the production and supply of COVID-19 diagnostics and therapeutics.	
S& DT Type: 7 Agreement on Fisheries Subsidies		
12th Ministerial Conference Geneva,17 June 2022 (WT/MIN(22)/33 - WT/L/1144)	Recalling the mandate given to Members at the Eleventh WTO Ministerial Conference in 2017 in Buenos Aires that the next Ministerial Conference should adopt an agreement on comprehensive and effective disciplines that prohibits certain forms of fisheries subsidies that contribute to overcapacity and overfishing, and eliminates subsidies that contribute to IUU-fishing recognizing that appropriate and effective special and differential treatment for developing country Members and least developed country Members should be an integral part of these negotiations.	

2.11 Preferential Market Access for Goods

Most major trading partners provide duty-free, quota-free (DFQF) market access or preferential tariffs and preferential rules of origin for products imported from LDCs. Since giving certain countries preference over others is a violation of the most-favoured-nation (MFN) principle of the WTO, hence specific provisions have been put into place to enable these preferences to be given to the LDCs. It is important to note that LDCs do not need to be members of WTO to benefit from preferential market access granted by other countries.

2.11.1 Duty-free & Quota-free (DFQF) Market Access and Preferential Tariffs

Almost all developed countries and an increasing number of developing countries provide DFQF market access to a significant number of products from LDCs. In some cases, access to DFQF arrangements is contingent on the fulfilment of certain conditions additional to LDC status such as, in the case of the Everything But Arms initiative of the European Union, the non-violation of principles laid down in human rights and labour rights conventions. Table 15 summarizes the main existing multilateral non-reciprocal preference schemes available for the LDCs. In addition, the South Asian Free Trade Area (SAFTA) and Asia-Pacific Trade Agreement (APTA) grant greater preference (coverage and tariff margins) to LDC members which will be discussed later in this Chapter (see section 2.2.4 on special treatment under regional agreements).

Table 15 Major multilateral non-reciprocal preference schemes for least developed countries undertaken by World Trade Organization members, 2020 (or latest available year)

Market	Sector	MFN		LDC		Number of tariff lines	
		% lines DFQF	Simple avg. duty	% lines DFQF	Simple avg. duty	Total	With imports from LDCs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Armenia	**Total**	**19.6**	**6.1**	**-**	**-**	**12,178**	**-**
	Ag	8.0	8.2	-	-	2,703	-
	Non-Ag	22.9	5.6	-	-	9,475	-
Australia	**Total**	**49.4**	**2.5**	**100**	**0**	**6,480**	**1,107**
	Ag	72.8	1.3	100	0	856	170
	Non-Ag	45.8	2.7	100	0	5,624	937
Canada	**Total**	**69.4**	**2.7**	**98.5**	**0.1**	**6,986**	**2,436**
	Ag	51.6	3.5	92.6	0.6	1,425	457
	Non-Ag	73.9	2.5	100	0	5,561	1,979
Chile	**Total**	**0.4**	**6.0**	**99.5**	**0**	**8,561**	**5,16**
	Ag	0	6.0	97.2	0	1,465	46

Market	Sector	MFN		LDC		Number of tariff lines	
		% lines DFQF	Simple avg. duty	% lines DFQF	Simple avg. duty	Total	With imports from LDCs
	Non-Ag	0.5	6.0	100	0	7,096	470
China	**Total**	**10.2**	**7.3**	**99.6**	**0.6**	**8,549**	**1,907**
	Ag	7.8	13.0	93.5	2.3	1,169	175
	Non-Ag	10.5	6.4	9.1	0.3	7,380	1,732
European Union	**Total**	**26.6**	**4.7**	**99.8**	**0**	**9,483**	**4,397**
	Ag	19.0	7.7	100	0	2,101	827
	Non-Ag	28.8	4.3	99.8	0	7,382	3,570
Hong Kong, China	**Total**	**100**	**0**	**-**	**-**	**7,584**	**-**
	Ag	100	0	-	-	1,044	-
	Non-Ag	100	0	-	-	6,540	-
Iceland	**Total**	**88.9**	**1.3**	**91.3**	**1.0**	**8,931**	**829**
	Ag	57.2	6.4	62	5.3	2,046	115
	Non-Ag	98.3	0.2	100	0.0	6,885	714
India	**Total**	**1.8**	**18.1**	**94.1**	**1.6**	**11,903**	**1,560**
	Ag	2.4	43.4	76.4	10.5	1,523	240
	Non-Ag	1.7	14.1	96.7	0.3	10,380	1,320
Japan	**Total**	**40.1**	**4.6**	**97.8**	**0.2**	**9,371**	**1,138**
	Ag	24.3	10.6	96.2	0.4	1,978	207
	Non-Ag	44.3	3.2	98.2	0.2	7,393	931
Kazakhstan	**Total**	**18.1**	**5.6**	**62.8**	**2.9**	**12,284**	**-**
	Ag	7	8.1	70.5	1.9	2,703	-
	Non-Ag	21.3	5.0	60.6	3.2	9,581	-
Korea, Rep. of	**Total**	**19.2**	**12.7**	**89.9**	**6.8**	**12,234**	**1,764**
	Ag	5.4	53.1	59.3	44.8	1,726	258
	Non-Ag	21.5	6.3	94.9	0.7	10,508	1,506
Kyrgyz Rep.	**Total**	**15.5**	**6.5**	**57.6**	**3.6**	**12,285**	**-**
	Ag	6.3	8.8	51.9	3.0	2,703	-
	Non-Ag	18.1	6.1	59.2	3.7	9,582	-
Macao, China	**Total**	**100**	**0**	**-**	**-**	**6,641**	**-**
	Ag	100	0	-	-	900	-
	Non-Ag	100	0	-	-	5,741	-
Montenegro	**Total**	**29.3**	**4.9**	**93.5**	**0.6**	**6,641**	**419**
	Ag	17	11.6	93.3	0.9	900	34
	Non-Ag	32.9	3.0	93.5	0.6	5,741	385
Morocco	**Total**	**0.1**	**13.3**	**1.6**	**13.2**	**10,019**	**-**
	Ag	0	30.6	5.5	30.0	2,315	-
	Non-Ag	0.1	10.5	1	10.4	7,704	-
New Zealand	**Total**	**61.1**	**2.2**	**100**	**0**	**18,280**	**1,139**
	Ag	64.6	1.8	100	0	2,580	149

Market	Sector	MFN		LDC		Number of tariff lines	
		% lines DFQF	Simple avg. duty	% lines DFQF	Simple avg. duty	Total	With imports from LDCs
	Non-Ag	60.5	2.3	100	0	15,700	990
Norway	**Total**	**84.4**	**2.6**	**100**	**0**	**7,926**	**-**
	Ag	43.5	19.5	100	0	1,082	-
	Non-Ag	94.4	0.4	100	0	6,844	-
Russian Federation	**Total**	**15.9**	**6.4**	**62.1**	**3.3**	**7,175**	**-**
	Ag	7.6	8.1	70.6	1.9	1,410	-
	Non-Ag	18.3	6.1	58.6	3.7	5,765	-
Singapore	**Total**	**99.9**	**0**	**-**	**-**	**12,288**	**-**
	Ag	99.4	0	-	-	2,703	-
	Non-Ag	100	0	-	-	9,585	-
Switzerland	**Total**	**26**	**-**	**100**	**0**	**10,813**	**1,720**
	Ag	17.4	-	100	0	1,369	360
	Non-Ag	29.3	-	100	0	9,444	1,360
Chinese Taipei	**Total**	**30.5**	**6.3**	**32.1**	**6.2**	**8,843**	**707**
	Ag	22.4	13.8	23.3	13.7	2,464	97
	Non-Ag	32.1	4.9	33.8	4.8	6,379	610
Tajikistan	**Total**	**11.7**	**7.8**	**11.7**	**3.9**	**9,136**	**-**
	Ag	0.4	10.5	0.4	5.3	1,505	-
	Non-Ag	14.9	7.1	14.9	3.6	7,631	-
Thailand	**Total**	**30.4**	**13.7**	**71.1**	**8.6**	**11,442**	**-**
	Ag	9.9	31.6	75.7	13.2	2,508	-
	Non-Ag	33.4	11.7	70.4	8.0	8,934	-
Turkiya	**Total**	**22.6**	**14.2**	**78.7**	**11.1**	**10,813**	**987**
	Ag	14.1	48.8	27.1	47.4	1,369	122
	Non-Ag	24.7	5.9	91	2.4	9,444	865
United Kingdom	**Total**	**26.6**	**4.7**	**99.8**	**0**	**11,800**	**1,473**
	Ag	19	7.7	100	0	2,271	316
	Non-Ag	28.8	4.3	99.8	0	9,529	1,157
United States	**Total**	**37.8**	**4.8**	**82.4**	**2.6**	**9,483**	**2,358**
	Ag	20.6	9.4	85.7	5.2	2,101	337
	Non-Ag	41.4	3.8	81.7	2.0	7,382	2,021

Note: Simple average duties exclude non-*ad valorem* duties, except for the United States, for which *ad valorem* equivalents are available. Beneficiaries are countries eligible to the national LDC scheme; some UN-LDC countries may be excluded.

Source: WTO-Integrated Database (IDB)

Not all LDCs utilize LDC-specific preferential schemes. Some export products of LDCs are already subject to zero MFN tariffs in the most significant markets or the exporting country may have access to other, non-LDC specific preference regimes such as the African Growth and Opportunity Act (AGOA), in the United States of America, for African LDCs, Economic Partnership Agreements between the European Union and several countries in Africa, or regional trading arrangements such as the Association of Southeast Asian Nations (ASEAN) Free Trade Area. Moreover, Exporters in LDCs may also have difficulty in fulfilling the requirements to determine compliance with the preferential rules of origin.

i. Preferential Rules of Origin (RoO) for goods

Rules of origin are the criteria used to define whether a product is considered to originate in a certain country and thereby whether it can benefit from preferential market access. For products produced through global value chains, rules of origin determine the extent to which a product needs to be produced in a certain country in order to be eligible for preferential treatment.

Strict rules of origin can be a barrier to utilizing preferential market access. In recognition of this, and particularly since the WTO Ministerial Conferences held in Bali and Nairobi in 2013 and 2015, respectively, in many countries, LDCs benefit from less stringent rules of origin. For example:

In the European Union, since 2011, the general threshold for non-originating materials is 70 per cent for LDCs and 50 per cent for other Generalized System of Preferences (GSP) beneficiaries which means the value addition requirement for LDCs for availing the preferential schemes under EBA is 30%. In some cases, and product-specific origin requirements are more lenient. In textile and apparel products, the rules of origin permit single-stage processing for LDCs while for developing countries they require double transformation.In the United States, an article produced in an LDC beneficiary of its GSP may count inputs from least developed and other beneficiary countries in its regional association towards the 35 per cent domestic content requirement for satisfying the rules of origin on certain articles.

For the main value-added rule of origin, which covers all goods except certain textile and apparel goods, **Canada** allows the use of up to 80 per cent non-originating materials (e.g., 60 per cent of the value may originate anywhere, 20 per cent must originate from a current or former GSP beneficiary, the remaining 20 per cent must originate in an LDC).[69]

[69] UNCTAD. 2021. Generalized System of Preferences Handbook on The Scheme of Canada Third Edition. (Page 12). Retrieved from, https://unctad.org/system/files/official-document/itcdtsbmisc66rev2_en.pdf.

The **United Kingdom** had less stringent rules of origin for LDCs on a number of products, similar to those of the European Union till 2022. During early 2023 UK introduced Developing Countries Trading Scheme (DCTS) under which value addition criteria for LDCs is 25% that for developing countries is same.

There are also LDC-specific rules of origin under regional agreements. For example, under the South Asian Free Trade Area (SAFTA), the general criteria are change of tariff heading plus 30 per cent for LDCs as opposed to 40 per cent for non-LDCs. Under the Asia-Pacific Trade Agreement (APTA), the value-addition threshold for LDCs is 35 per cent as opposed to 45 per cent for non-LDCs and regional cumulation is allowed where the regional value addition is 50 per cent for LDCs as opposed to 60 per cent for non-LDCs.

Table 16: Rules of origin in some export destinations

Countries/Blocs	**RoO for LDCs**	**RoO for developing countries**
European Union	For textile and apparel products: single-stage transformation	For textile and apparel products: double-stage transformation
	30%	50%
USA	35%	35%
Canada	20% [70] 25% for Apparel [71]	60% for General Preferential Tariff (GPT) [72]

[70] For the main value-added rule of origin, which covers all goods except certain textile and apparel goods, Canada allows the use of up to 80 per cent non-originating materials (e.g., 60 per cent of the value may originate anywhere, 20 per cent must originate from a current or former GSP beneficiary, the remaining 20 per cent must originate in an LDC).
UNCTAD. 2021. Generalized System of Preferences Handbook on The Scheme of Canada Third Edition. (Page 12). Retrieved from, https://unctad.org/system/files/official-document/itcdtsbmisc66rev2_en.pdf.

[71] The apparel goods (listed in Parts A1 or A2 of Schedule 1 to the Regulations) are deemed originating in an LDC if they are assembled in an LDC from fabric cut in that LDC or in Canada, or from parts knit to shape, provided that the fabric, or the parts knit to shape, are produced in any LDC, provided that, The value of any materials, including packing, that are used in the manufacture of the goods and that originate outside the LDC in which the goods are assembled is no more than 75 per cent of the ex-factory price of the goods as packed for shipment to Canada.

[72] At least 60 per cent of the ex-factory price of goods as packed for shipment to Canada must originate in one or more GPT beneficiary countries or Canada.
UNCTAD. 2021. Generalized System of Preferences Handbook on The Scheme of Canada Third Edition. (Page 12). Retrieved from, https://unctad.org/system/files/official-document/itcdtsbmisc66rev2_en.pdf.

Countries/Blocs	RoO for LDCs	RoO for developing countries
United Kingdom	For textile and apparel products: single-stage transformation	For textile and apparel products: double-stage transformation
	25% under New GSP scheme "Developing Countries Trading Scheme (DCTS)	50% for all other products
SAFTA	30% Change of Tariff Heading (CTH)	40% (CTH)
APTA	35%	45%

2.11.2 Preferential Market Access Under Regional Trade Agreements (RTAs)

In addition to the preferential tariffs and rules of origin, special preferential provisions are available for LDCs in some regional trade agreements.

South Asian Free Trade Area (SAFTA): In order to expand trade and economic cooperation among the South Asian countries (Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, India, Pakistan and Sri Lanka), South Asian Free Trade Area (SAFTA) was signed during the 12th SAARC summit held from 4-6 January 2004 in Islamabad, Pakistan. The agreement was effective from 1 January 2006. In the South Asian Free Trade Area (SAFTA), among other measures, LDCs benefit from smaller sensitive lists adopted by some of the partners (meaning they receive tariff concessions on a larger number of products) and preferential rules of origin (requirement of change of tariff heading and value addition of 10 per cent less than the requirement for non-LDCs).

Export-import facilities under SAFTA

- All products except only 25 products including tobacco and wine can be exported to India duty free.
- All products except those included in the sensitive list of other SAARC countries except India, can be exported to the countries duty free.
- Bangladesh can import raw materials necessary for exported products from the SAARC countries duty free or in reduced tariff rates.
- All products except those included on the sensitive list of Bangladesh can be imported from the SAARC Countries duty free.

Table 17: Products with tariff concession under SAFTA[73]

Countries	Number of Products with tariff concession	
	For Non-LDCs	**For LDCs**
Afghanistan	4,400	4,400
Bangladesh	4,217	4,228
Bhutan	5,094	5,094
India	4636	5,225
Sri Lanka	4,287	4,413
Maldives	5,096	5,096
Nepal	4,214	4,252
Pakistan	4,314	4,314

Sensitive lists:

Since 1 January 2006 (the time of the SAFTA agreement being effective), each member country has maintained a sensitive list. In each member country, for import of products in the sensitive lists, duties in MFN tariff rates will have to be paid. No duty free facility can be get in case of export of products in the sensitive list to the respective countries. LDCs benefit from smaller sensitive lists adopted by some of the partners (meaning they receive tariff concessions on a larger number of products).

After 2006, the member countries reduced their respective sensitive products' list in the 2nd phase in 2012. Since 9 November, 2011, India has reduced its sensitive products' list from 480 to 25 products including tobacco and wine for LDCs. But the list is large in case of non-LDCs. Moreover, Maldives and Bhutan have limited number of products in their sensitive list. Bangladesh in its sensitive list has 1033 products for non-LDCs and 1022 products for LDCs.

Table 18: Products in the sensitive lists of member countries of SAFTA

Countries	Duty Payable Products Number	
	For Non-LDCs	**For LDCs**
Afghanistan	850	850
Bangladesh	1033	1022
Bhutan	156	156
India	614	25
Sri Lanka	963	837
Maldives	154	154

[73] Guidebook on preferential duties of Bangladesh under bilateral and regional trade agreements, FTA Wing Ministry of Commerce, May 2019.

Countries	Duty Payable Products Number	
	For Non-LDCs	For LDCs
Nepal	1036	998
Pakistan	936	936

Source: SAARC Secretariat and BTTC.

SAFTA Rules of Origin:

For availing preferential duties for export of Wholly and Non Wholly Obtained products under the SAFTA, Certificate of Origin (CoO) can be received from Export Promotion Bureau (EPB). Rules of origin criteria under the SAFTA agreement can be fulfilled upon submission of the CoO with export documents. According to the Rules of Origin (RoO) conditions of the SAFTA, for export of Non Wholly Obtained products, as an LDC, Bangladesh has to fulfill condition of 30% value addition along with Change of Tariff Heading (CTH). For example, for export of T-shirt to Nepal under SAFTA, the following process needs to be followed for availing duty free facility:

Suppose, cotton, under the tariff heading 5201, has been imported as a raw material for making T-shirt. A manufacturing company from Bangladesh, after completing several steps of production of T-shirt through import and use of raw materials including cotton, has manufactured and exported the T-shirt to Nepal under tariff heading 6204. Suppose, the export price (FoB) of each T-shirt is BDT 100 in which raw materials worth BDT 60 were imported. Hence, the rate of value addition is 40%. In this scenario, tariff heading has been changed from 5201 to 6204. In this case, the product (T-shirt) can be exported to Nepal under the zero/reduced tariff facility of SAFTA since the condition of 30% value addition along with the change in tariff heading have been fulfilled.
In addition, under the SAFTA agreement, Product Specific Rules of Origin (PSR) are applicable for 187 products.

The SAFTA agreement contains a special provision for Maldives (article 12), which graduated from the LDC list in 2011, granting it LDC-equivalent treatment in the Agreement and in any subsequent contractual undertakings;

2.11.3 Asia Pacific Trade Agreement (APTA)

The Asia-Pacific Trade Agreement (APTA), formerly known as the Bangkok Agreement (1975-2005), is a regional preferential trade agreement (PTA) among developing countries in Asia and the Pacific region. The objective of the Agreement is to promote economic development of its members through the adoption of mutually beneficial trade liberalization measures that contribute to regional trade expansion and economic cooperation. The current members of APTA are Bangladesh, China, India, the Lao Peoples Democratic Republic, Mongolia, the Republic of Korea and Sri Lanka. Over time it expanded its coverage from the initial negotiation of tariff concessions on trade in goods to at present negotiating liberalization in investment, services trade and trade facilitation.

Export-import preferences under APTA:

- Under the APTA, products can be exported from Bangladesh to the APTA member countries including larger economies such as China and Korea under different rates of preference margin or preferential tariff rates.
- Bangladesh can import raw materials necessary for export sectors from member countries in reduced or zero tariff rates.

Tariff concession under APTA: APTA is not a closed end negotiation and aims at gradual tariff reduction among its Participating States. It launches and continues to negotiate a new Round after the conclusion of a Round. So far, four Rounds of negotiations have been completed under APTA, and currently it is in the process of initiating the Fifth Round of negotiations.

Table 19: Development of APTA tariff concessions [74]

Countries	Products' Number under different margin of preference							
	3rd Round				4th Round			
	No. of Products		MoP (%)		No. of Products		MoP (%)	
	General	Specialized (for LDCs)	General	for LDCs	General	Specialized (for LDCs)	General	for LDCs
Bangladesh	209	-	14.1		598	04	21.76	27.50
India	570	48	23.9	39.7	3,142	48	33.45	65.48
China	1,697	161	26.7	77.9	2,191	181	33.09	79.58
Lao PDR	-	-	-	-	999	-	30.17	-
South Korea	1,367	306	35.4	64.6	2,797	951	33.39	94.47
Sri Lanka	427	72	14.0	12.0	568	75	22.06	18.17
Mongolia	-	-	-	-	366	-		
Total	4,270	587	27.2	59.8	10,661	1,255	31.73	86.44

[74] Farhad, M. (2022). Asia-Pacific Trade Agreement an evolving preferential regional trade agreement. UNESCAP. Retrieved from, unescap.org/kp/2022/asia-pacific-trade-agreement-evolving-preferential-regional-trade-agreement

MoP= the percentage difference between the Most- Favoured-Nation (MFN) rate of duty and the preferential rate of duty. MoP is estimated as a simple average of all items in the list of concessions.
Source: UNESCAP 2022.
The Fourth Round of negotiations was launched in October 2007, and following decade long negotiations, successfully concluded in the Fourth Ministerial Council Meeting in January 2017. The result of the Fourth round of negotiations became effective on 1st of July 2018. This Round significantly widens the coverage of preferences of total tariff lines for each Member State and led to the exchange of tariff concessions on 10,294 items, compared to 4,270 items under the Third Round. The Fourth round deepens the tariff concessions by at least 31-34% measured as an average MoP for products covered under APTA, except for least developed Participating States and Sri Lanka, who were granted greater flexibility in meeting these requirements.

LDCs benefit from larger lists of tariff concession items as well as deeper tariff concessions (higher margin of preference for market access) in some of the partners.

Rules of Origin (RoO) under APTA:

Under APTA, LDCs have additional flexibility in rules of origin (domestic value requirement of 35 per cent instead of 45 per cent). For value addition of 35%, LDCs may avail the respective margin of preference for export to the APTA member states (as per the tariff concessions set by respective member states).

Table 20 APTA Rules of Origin (RoO)[75]

Rule 2	Rule 3	Rule 3(b)	Rule 4	Rule 10
Wholly Produced or Obtained	**Not Wholly Produced or Obtained**	**Change in Tariff Heading (CTH)**	**Cumulative Rules of Origin**	**S&D Provisions for LDCs**
100% produced or obtained in APTA Participating State	Minimum 45% local value-added content in APTA Participating State [For LDC, minimum local value-added contents requirement is 35%]	156 items (at 4-digit HS Code)	Minimum of 60% of originating contents in APTA Participating States [For LDC, minimum originating contents requirement is 50%]	10% additional concession on Rule 3 and 4 for APTA Least Developed Participating States

Developing-8 (D-8):
D-8 is a Preferential Tariff Arrangement (PTA) among of Eight Developing Countries (D8) Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, Turkey.

[75] Farhad, M. (2022). Asia-Pacific Trade Agreement an evolving preferential regional trade agreement. UNESCAP. Retrieved from, unescap.org/kp/2022/asia-pacific-trade-agreement-evolving-preferential-regional-trade-agreement

Bangladesh being the only LDC, enjoyed a longer implementation period for tariff reduction under the PTA.

2.12 Technical Assistance for Trade Related Capacity Building

A number of mechanisms are in place to support LDCs through technical assistance and capacity-building related to trade.

- The Enhanced Integrated Framework (EIF), an Aid for Trade mechanism dedicated specifically to LDCs and recent graduates, supports LDCs through analytical work, institutional support and productive capacity-building projects.
- The WTO secretariat provides technical assistance on the issues covered by WTO agreements and on accession. LDCs benefit from specific courses that address their needs, are entitled to participate in a greater number of national activities per year than other developing countries and are the main beneficiaries of WTO and mission internship programmes. Several WTO agreements contain provisions on technical assistance to LDCs. For example:
    - LDCs have priority in technical assistance delivered by WTO members and the secretariat under the Agreement on the Application of Sanitary and Phytosanitary Measures. The Standards and Trade Development Facility (STDF) has a target of allocating at least 40 per cent of total project financing to LDCs or other low-income countries (OLICs). There is also a lower co-financing requirement for technical assistance. The minimum required contribution from LDCs and OLICS is 10 per cent, as opposed to 20 per cent for lower-middle-income countries and 60 per cent for upper-middle-income countries.
    - Provisions under the WTO agreement state that the WTO secretariat shall make available technical assistance on request to developing country members, and in particular to the least developed country members, as part of the preparation of the Trade Policy Reviews. Developing countries need to do trade policy review in every 3 years whereas LDCs may do so in every 7 years.
    - A Trade Facilitation Agreement Facility has been created to deliver support to LDCs and developing countries so that they may fully benefit from the Trade Facilitation Agreement.
    - LDCs are to be given priority in technical assistance under the Agreement on Technical Barriers to Trade.

- The Advisory Centre on WTO Law provides legal advice on issues related to WTO, WTO dispute settlement support and capacity-building, and LDCs do not have to join as members in order to benefit from its services.
- ITC works to build the capacity of private actors in LDCs so they can take advantage of the global trading system

2.13. Utilization of S&DT Under Agreements of WTO

Bangladesh is beneficiary of S&DT benefits under several agreements of WTO. This section in brief discusses Bangladesh's utilization of S&DT in various agreements.

2.13.1 Agreement on Subsidies and Countervailing Measures: Export Subsidy Provided by Bangladesh

As mentioned in the previous section, as per the Agreement on Subsidies and Countervailing Measures, LDCs and developing countries (Annex VII (b) countries) with GNP per capita lower than $1,000 at 1990 prices are exempted from abiding by prohibitive subsidies unless the product is globally competitive (has 3.25% share of global export). When an Annex VII country has reached export competitiveness in one or more products, export subsidies on such products shall be gradually phased out over a period of eight years. After graduation, whether Bangladesh would remain under the USD 1000 threshold (GNI/GNP per capita) would depend not only on economic and population growth, but also on the way the methodology to calculate GNI/GNP per capita in 1990 dollars is be applied. The government has indicated that Bangladesh provides cash incentives to promote exports. Cash assistance to exporters are available for 35 different products ranging from 2 to 20 per cent of FoB export value. Bangladesh has already gained global competitiveness in RMG and continues to provide export subsidies in the sector. Currently the country is providing the following incentives/ export subsidies to the RMG and textile sector:

Table 21 Current Export Subsidy/ cash incentive to the RMG and textile sector in Bangladesh

Sl	Export Subsidy/ cash incentive	Applicable rate
1.	Special cash incentive for all the export oriented RMG industries	1%

Sl	Export Subsidy/ cash incentive	Applicable rate
2.	Additional cash incentive for all the export-oriented small and medium RMG (Knit, woven and sweater) industries	4%
3.	Alternative cash incentive instead of customs bond and duty drawback for Export oriented domestic textile industries	4%
4.	Additional cash incentive for export of non-traditional textile products and export of textiles to non-traditional markets (other than USA/Canada/EU/UK)	4%
5.	Additional special incentive for export of textile products to the Euro Zone in addition to the existing 4% cash incentives	2%

Source: Bangladesh Bank FE Circular 26, September 2022

In addition to the above-mentioned export subsidies, Bangladesh is currently providing subsides for exporters of many other sectors including plastics, leather and leathergoods, furniture, pharmaceuticals and many more. After LDC graduation, these export subsidies will not be allowed to be provided.

2.13.2 TRIPS related Advantage of Bangladesh

As discussed in chapter 2, for graduation, there are three main aspects to consider under the TRIPS Agreement[76]: the need to comply fully with the TRIPS Agreement when the extension of the general transition period granted to LDCs no longer applies; impacts on the pharmaceutical sector, which currently benefits from significant LDC-specific exemptions extending to 2033 in case of Bangladesh; and impacts of no longer being having access to technology transfer under Article 66.2.

The Article 70.8 of the TRIPS agreement states that WTO member states must maintain regulatory arrangements that allow the filing of patents, which is also known as "mailbox provision", so that when TRIPS protection commences upon implementation of the TRIPS, the filed applications can get patent protection right away and remain valid for the rest of the time (20 years) while Article 70.9 emphasizes the importance of ensuring exclusive marketing rights for a period of five years. Bangladesh as an LDC received waiver in implementing these articles which contributed to boosting the pharmaceutical sector.

[76] https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/IA-Bangladesh-2019.pdf

Owing to the flexibilities offered by WTO TRIPS agreement and the support granted by the National Drug Control Ordinance (1982), Bangladeshi firms have enjoyed advantageous provisions, boosting domestic pharmaceutical production with import substitution and thus saving foreign currency on pharmaceutical imports. The current pharmaceutical industry of Bangladesh is valued at more than $3 billion[77], which is about 1 percent of GDP. In FY2021-22, the export of pharmaceuticals from Bangladesh was $188.78 million which was $169.02 million in the previous FY 2020-21.[78]

Due to TRIPS' flexibility, businesses operating in Bangladesh have been able to create generic versions of drugs that are patented elsewhere and to sell these products in local markets or to other LDCs or non-members of WTO which have not implemented patent protection.

Reaping the TRIPS Benefit: The proper utilization of this patent waiver flexibility made Bangladesh become the only LDC country with adequate pharmaceutical manufacturing ability and almost self-reliant. Starkly after graduation, such exemption will not prevail. The TRIPS agreement has turned Bangladesh into a center for affordable and high-quality generic medicines and contract manufacturing, with exports to potentially more than 100 countries across the world. Even, more than ten leading Bangladeshi pharmaceutical companies are exporting generics to international markets. A number of these firms are also evolving as contenders to high-ranked Indian companies in certain areas. Pharmaceutical firms in the country are modernizing their factories and receiving certifications from the US, Australia, Canada, and EU. They are able to enter both regulated and uncontrolled markets because of their ability to maintain compliance. Top-tier businesses have already built world class pharmaceutical plants using.

2.13.3 Agriculture Subsidies Provided by Bangladesh

According to the Agreement on Agriculture (AoA), LDCs and Net Food Importing Developing Countries (NFIDCs) may provide certain forms of agricultural export subsidies until 2030. The following is the WTO list of developing countries eligible as beneficiaries in respect of the measures provided within the framework of the Decision, revised to include Tonga as decided at the meeting of the Committee on Agriculture on 27-28 March 2023

a) Least developed countries as recognized by the Economic and Social Council of the United Nations; plus
b) Antigua and Barbuda, Barbados, Botswana, Côte d'Ivoire, Cuba, Dominica, Dominican Republic, Egypt, El Salvador, Eswatini, Gabon, Grenada, Honduras,

[77] BAPI
[78] EPB

Jamaica, Jordan, Kenya, Maldives, Mauritius, Mongolia, Morocco, Namibia, Pakistan, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Senegal, Sri Lanka, Trinidad and Tobago, Tonga, Tunisia and the Bolivarian Republic of Venezuela[79].

Table 22: List of NFIDC Countries

S.L.	Name	S.L.	Name	S.L.	Name	S.L.	Name
1	Afghanistan	21	Egypt	41	Malawi	61	Senegal
2	Angola	22	El Salvador	42	Maldives	62	Sierra Leone
3	Antigua and Barbuda	23	Eritrea	43	Mali	63	Solomon Islands
4	**Bangladesh**	24	Eswatini	44	Mauritania	64	Somalia
5	Barbados	25	Ethiopia	45	Mauritius	65	South Sudan
6	Benin	26	Gabon	46	Mongolia	66	Sri Lanka
7	Bhutan	27	Gambia	47	Morocco	67	Sudan
8	Bolivarian Republic of Venezuela	28	Grenada	48	Mozambique	68	Timor-Leste
9	Botswana	29	Guinea	49	Myanmar	69	Togo
10	Burkina Faso	30	Guinea-Bissau	50	Namibia	70	Tonga
11	Burundi	31	Haiti	51	Nepal	71	Trinidad and Tobago
12	Cambodia	32	Honduras	52	Niger	72	Tunisia
13	Central African Republic	33	Jamaica	53	Pakistan	73	Tuvalu
14	Chad	34	Jordan	54	Peru	74	Uganda
15	Comoros	35	Kenya	55	Rwanda	75	United Republic of Tanzania
16	Côte d'Ivoire	36	Kiribati	56	Saint Kitts and Nevis	76	Yemen
17	Cuba	37	Lao People's Democratic Republic	57	Saint Lucia	77	Zambia
18	Democratic Republic of the Congo	38	Lesotho	58	Saint Vincent and the Grenadines		
19	Djibouti	39	Liberia	59	Samoa		
20	Dominican Republic	40	Madagascar	60	Sao Tome and Principe		

[79] WTO LIST OF NET FOOD-IMPORTING DEVELOPING COUNTRIES, G/AG/5/Rev.12, WTO Website

Bangladesh can apply to be included in that group after graduation. Bangladesh as an LDC has been providing subsidies in the following agricultural sectors for FY 2022-23:

Export Subsidy

- 20% Export subsidy for the agro products (vegetables and fruits) and agro-processed food in the fiscal year (2022-23)
- 20% export subsidy for export of grains and seeds of vegetables
- 20% cash incentive for export of potatoes

The above mentioned direct export subsidy will not be applicable after graduation. Under the AoA, no country, even the LDCs, can provide export subsidies for agricultural products. The above-mentioned export subsidies that Bangladesh provides to exporters could come under strict scrutiny after graduation. Bangladesh could provide subsidies for marketing related activities by enrolling as a net food importing developing country (NFIDC) list.

In addition to these, Bangladesh government also provides subsidy on fertilizer. In FY 2021-22 subsidies worth Tk. 12,000 crore were provided for all types of fertilizers. The subsidy in FY 2022-23 has been proposed to be Tk. 16,000 crore. This subsidy will be allowed after graduation.

2.13.4 Major Exporting Products of Bangladesh Under S&DT

According to Bangladesh shipment figures, the United States accounted for approximately 20% of the value of the country's exports. Bangladesh's other major export partners include Germany (14.6%), the United Kingdom (9.3%), Spain (6.1%), France (5.2%), Poland (4.1%), India (3.8%), Netherlands (3.4%), Italy (3.3%), Canada (2.9%), Japan (2.6%), Australia (1.8%), Belgium (1.7%), China (1.3%), Russia (1.2%) and Turkey (0.88%). Apart from USA, Bangladesh as an LDC enjoys duty free and quota free export of its products to all the export destinations. In addition to this, the government has been providing export subsidy/cash incentive to all the major export items.
Bangladesh has a number of important export destinations. The following Table shows the comparative position of Export Earnings from major trading partners during the July-June of Fiscal Year 2021-22 along with their trade shares and major items exported to the countries.

Table 23 Export earnings from major trading partners

United States: Largest importer of Bangladeshi exports. **(Source: EPB)**

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	5892.92	30.38% of total woven export
2.	Knitwear	61	3120.17	13.44% of total knit export
3.	Home textile	63	310.71	17.85% of total home textile export
4.	Footwear	64	352.94	
5.	Cap	65	281.03	
6.	Leather and Leather Manufactures		92.03	
7.	Crustaceans	0306	38.87	
	Total export		10417.72	20% of total export income

1. **Germany:** Second largest importer of Bangladeshi exports.

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	2,987.71	15.40% of woven garments export
2.	Knitwear	61	4,181.83	18.01% of the total knitwear exports
3.	Home textile	63	112.91	6.48% of total home textiles export
4.	Bicycle	8712	63.47	-
5.	Footwear	64	106.85	-
6.	Crustaceans	0306	60.83	14.52% of total crustaceans export
	Total export		7,590.97	14.57% of the total export income

3. United Kingdom: Third largest importer of Bangladeshi exports.

Sl.	Products	Hs Code	Export Value (in million US$)	Percentage share
1.	Woven garments	62	1,805.87	-
2.	Knitwear	61	2,691.35	-
3.	Home textile	63	90.08	-
4.	Bicycle	8712	43.18	-
5.	Crustaceans	0306	55.32	-
	Total export		4,828.08	9.27% of the total export income

4. France:

Sl.	Products	Hs Code	Export Value (in million US$)	Percentage share
1.	Woven garments	62	849.32	-
2.	Knitwear	61	1,541.67	-
3.	Home textile	63	88.19	-
4.	Footwear	64	167.53	-
5.	Crustaceans	0306	21.36	
	Total export		2711.06	5.21% of the total export income

5. Spain:

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	1280.29	-
2.	Knitwear	61	1738.24	-
3.	Home textile	63	33.60	-
4.	Leather and Leather Products	(41 -43, 6403)	15.41	
5.	Footwear	64	47.45	-

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
	Total export		3166.37	6.08% of the total export income

6. Italy:

Sl.	Products	Hs Code	Export Value (in million US$)	Percentage share
1.	Woven garments	62	506.14	-
2.	Knitwear	61	1090.63	-
3.	Home textile	63	19.48	-
4.	Leather and Leather Products	(41 -43, 6403)	32.45	
5.	Footwear	64	26.52	-
	Total export		1702.29	3.27% of the total export income

7. Canada

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	646.90	-
2.	Knitwear	61	679.46	-
3.	Home textile	63	93.60	-
	Total export		1522.96	2.92 % of the total export income

8. Belgium

Sl.	Products	Hs Code	Export Value (in million US$)	Percentage share
1.	Woven garments	62	226.06	-
2.	Knitwear	61	496.45	-
3.	Home textile	63	18.26	-
4.	Crustaceans	(0306)	73.10	

Sl.	Products	Hs Code	Export Value (in million US$)	Percentage share
5.	Jute and jute products	(53, 630510)	9.20	
	Total export		900.03	1.73% of the total export income

9. **Netherlands**

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	621.13	-
2.	Knitwear	61	853.19	-
3.	Home textile	63	59.95	-
4.	Crustaceans	(0306)	86.81	
5.	Footwear	(64)	83.97	
	Total export		1775.01	3.41% of the total export income

10. **Japan**

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	507.94	-
2.	Knitwear	61	590.68	-
3.	Home textile	63	46.99	-
4.	Leather and Leather Products	41-43, 6403	93.64	
4.	Crustaceans	0306	13.09	
5.	Footwear	64	36.64	
	Total export		1353.85	2.60% of the total export income

11. **Poland**

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	744.08	-

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
2.	Knitwear	61	1261.97	-
3.	Home textile	63	40.02	-
4.	Leather and Leather Products	(41-43, 6403)	43.72	
5.	Footwear	(64)	58.40	
	Total export		2139.24	4.11 % of the total export income

12. India

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	399.84	-
2.	Knitwear	61	315.57	-
3.	Cotton and Cotton Products	(52)	39.28	-
4.	Jute and Jute Products	(53, 630,510)	194.4	
5.	Plastic products	(39)	30.43	
6.	Leather and Leather Products	(41-43, 6403)	101.02	
	Total export		1991.39	3.82 % of the total export income

13. Russia

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	207.54	-
2.	Knitwear	61	376.24	-
3.	Home textile	63	10.66	-
4.	Crustaceans	(0306)	8.64	
5.	Jute and Jute Products	(53, 630,510)	17.12	
	Total export		638.31	1.23 % of the total export income

14. **Australia**

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	312.06	-
2.	Knitwear	61	500.18	-
3.	Home textile	63	66.02	-
	Total export		916.24	1.76 % of the total export income

15. China

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	138.13	-
2.	Knitwear	61	84.20	-
3.	Home textile	63	7.40	
4.	Leather and Leather Products	(41-43 , 6403)	97.92	
5.	Footwear	(64)	17.72	-
6.	Jute and jute goods	(53, 630510)	170.75	
7.	Plastic products	(39)	14.49	
	Total export		683.43	1.31 % of the total export income

16. Turkey

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
1.	Woven garments	62	98.28	-
2.	Knitwear	61	95.41	-
3.	Jute and jute goods	(53, 630510)	215.34	

Sl.	Products	Hs Code	Export Value(in million US$)	Percentage share
	Total export		458.15	0.88 % of the total export income

Although the textile and apparel industry still makes up the majority of the nation's export revenues, other industries such as frozen fish, pharmaceuticals, home textile, leather products, agro-products, and plastics are gradually taking over. Overall, Bangladesh is gradually advancing toward being a significant exporter of these items in South Asia and is poised to play a significant role in these industries.

2.14 S&DT After Graduation

Graduating LDCs have the possibility to request waivers at WTO that provide them with transition periods to phase out flexibilities or phase in obligations. Such waivers must be negotiated with members. Specific attention can be sought in WTO committees regarding difficulties encountered in the implementation of any agreement. Because WTO is a member-driven organization, such negotiations require active engagement by the graduating LDCs in WTO committees, as well as in bilateral discussions. Graduated LDCs still benefit from a range of special and differential treatment provisions that apply to all developing members.

Flexibilities under Agreement on Agriculture (AoA): As per the provisions of the AoA, graduating LDCs could continue to benefit from some of the flexibilities under the agreement (mentioned in section 2.2.1 of the study) following their graduation from the LDC status if they are included in the WTO list of NFIDCs after graduation. The Committee on Agriculture maintains the list of WTO NFIDCs within the framework of the Marrakesh NFIDC Decision.[80] Any developing country member that is a net importer of basic foodstuffs can request, substantiated by the relevant statistical data, to be included in the list. Hence, graduating LDCs will have the option to request from the Committee on Agriculture to be included in the WTO NFIDC list as per the agreed procedure.[81] One precedent for such a situation is Maldives, which upon graduation was included in the WTO NFIDC List in 2011 based on their request to the Committee on Agriculture. LDCs also enjoy some flexibility in terms of frequency of notifications, in particular in the area of domestic support notifications (namely the "Table DS: 1"

[80] WTO list of NFIDCs: G/AG/5/Rev.10 (last updated 2012).

[81] Decision by the Committee on Agriculture at its meeting on 21 November 1995 relating to the establishment of a list of WTO NFIDCs for the purposes of the Marrakesh Ministerial Decision on measures concerning the possible negative effects of the reform programme on the LDCs and NFIDCs, G/AG/3.

notifications).[82] LDCs are required to report to the WTO every two years on their use of domestic support. Developing country members are required to submit their domestic support notifications annually. Graduation from the LDC status would therefore require a change in the periodicity of domestic support notifications.

Bangladesh could pursue to be enlisted amongst NFIDCs

- A developing country member of WTO can be considered as a NFIDC if the country has been a net food importer of basic foodstuff in three years of the most recent five years.
- As an NFIDC, Bangladesh could provide marketing related subsidy on exports until 2030

TRIPS waiver after graduation:

According to the TRIPS agreement under WTO, as a least developed country, Bangladesh would get patent exemption on pharmaceutical products till 2026. Bangladesh is likely to enjoy the benefit of TRIPS waiver till 2033 in patent right as the WTO Ministerial Conference (MC-12) has adopted the decision below:

> "An eligible member may apply the provisions of this Decision until 5 years from the date of this decision. The general council may extend such a period taking into consideration the exceptional circumstances of the Covid-19 pandemic[83]"

Because of including this clause, opportunity is created for Bangladesh to enjoy the LDC trade benefit even after graduation in 2026. Albeit, further negotiation is required. As the declaration does not specify the decision of extending the specific period of time, but it will make benefitted the developing countries.

The ministerial conference (MC-12) further state that

> "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[84]"

It indicates that the eligible country including Bangladesh may enjoy the TRIPS waiver facility for extra five years.

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[82] Notification Requirements and Formats, 30 June 1995, G/AG/2

83 Ministerial Conference (MC12) of the WTO declaration

84 Ministerial Conference (MC12) of the WTO declaration

Preferential treatment for services and service suppliers after graduation:

Upon graduation, countries are no longer eligible for preferential treatment under the services waiver. However, graduating LDCs can request preference-granting WTO members to extend the LDC benefits for a certain period. An extension of such preferential treatment would require a special waiver, to which members would need to agree. However, a recent study found that the services waiver has not yet generated the desired impacts and that graduating LDCs are unlikely to lose much in services preferences after graduation.[85]

Special treatment regarding obligations and flexibilities under World Trade Organization rules after graduation

Some Country-specific preferential market access during graduation:

Upon graduation, and after any applicable transition periods, countries are no longer eligible for LDC-specific preferential market access arrangements. In developed country markets, countries that have graduated from the LDC category will normally become beneficiaries of standard GSP schemes. LDC-specific rules of origin no longer apply. In developing country markets, graduated countries may continue to have preferential market access only if they are members of regional or bilateral trade agreements but no longer have access to non-reciprocal preferential market access schemes. The Everything But Arms initiative in the European Union contains a smooth transition provision, which automatically grants an additional period of eligibility. In other countries, some graduated countries have been able to maintain preferential treatment for a period after the date of graduation even though there are no automatic smooth transition provisions. The General Assembly, in its resolution 67/221, invited trading partners to establish procedures for extending or phasing out preferential market access in a predictable manner with provision for specific number of years of the extension or the details concerning the gradual phasing out of the measures.

Table 24 shows the countries that have smooth transition provisions for LDCs.

Markets	Smooth transition clauses
European Union and Turkey	Smooth transition period of 3 years after the entering into force of a delegated act adopted by the Commission after the date of graduation

[85] WTO and Enhanced Integrated Framework (EIF), Trade Impacts of LDC Graduation (Geneva, 2020).

Markets	Smooth transition clauses
Australia, Canada, China, India, New Zealand, Norway, Republic of Korea, Switzerland, United States	No formal smooth transition provision. Some graduates have been able to maintain the GSP for LDCs for a period past the date of graduation.
Chile, Eurasian Economic Union, Japan, Thailand	No formal smooth transition provision and no record of flexibility in extending eligibility beyond graduation.

Source: Based on information contained in the LDC Portal.

The European Union, the United Kingdom and Norway provide non-reciprocal preferential market access schemes which are in between the LDC-specific ones and the standard GSP ones. The provision in EU is known as GSP+. The United Kingdom's enhanced framework within its GSP has similar terms. Norway's GSP+ scheme grants duty-free access for all industrial goods and higher preferences on a number of agricultural goods in comparison with standard GSP beneficiaries. All lower-middle-income countries with populations of less than 75 million and low-income countries are eligible for GSP+.

2.14.1 S&DT Before Graduation- During Graduation Phase- After Graduation Phase

The S&DTs available before graduation can be availed during the graduation process. The following table summarizes the S&DTs before and after graduation phase

Table 25: Summary of S&DTs before and after graduation phase

S&DT type	For LDCs before/during graduation	After graduation
Preferential market access in goods	• Benefit from duty-free and quota-free (DFQF) market access of developed and developing members till 2026. • Benefit from EU EBA- till 2029 • UK DCTS- till 2029	Benefit from generalised system of preferences (GSP) schemes of developed members applicable to developing countries after graduation in 2026 and after 2029 from EU and UK.
Preferential treatment in services	Benefit from commitments made by developed and developing members under the LDC Services Waiver until 2030	Current benefits of the LDC services waiver will not be available after graduation.

S&DT type	For LDCs before/during graduation	After graduation
		However, LDCs after graduation, will have [86] • Technical capacity development support in service trade. • Technical assistance provided by the Secretariat at the multilateral level.
General transition period regarding the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)	Exempted from implementing the TRIPS Agreement other than the core non-discrimination principles until 1 July 2034	Will have to implement the TRIPS[87] agreement other than the core non-discrimination principles after graduation in 2026 and in 2029 in EU and UK (3 years' transition period has been provided by EU and UK).
Transition period for pharmaceuticals in the TRIPS Agreement	Exempted from providing patent protection for pharmaceutical products until 1 January 2033	Required to provide patent protection on pharmaceutical products after graduation in 2026. 3 years' transition period has been provided EU and UK.
Flexibility to use policy instruments under the Agreement on Subsidies and Countervailing Measures (SCM)	Pursuant to Article 27.2 and Annex VII(a) of the SCM Agreement, LDCs have the flexibility to use export subsidies	Except for LDCs and other countries included in Annex VII(b), export subsidies are prohibited for graduated/developing countries.
Technical assistance (TA) provided by the WTO	LDCs benefit from specific courses designed for their needs	No smooth transition periods under the WTO agreements. Countries continue to benefit from training and other

[86] WT/COMTD/W/271. WTO. 2023. Special and Differential Treatment Provisions In WTO Agreements and Decisions (Page 96-98).
[87] According to Bali Ministerial Conference, WTO

S&DT type	For LDCs before/during graduation	After graduation
		opportunities available to non-LDC developing countries.
TA from the Enhanced Integrated Framework (EIF)	The EIF programme exclusively assists LDCs in using trade as an engine for growth and sustainable development (until graduation, no specific time limit)	• Possibility of additional support for up to five years for graduated countries till 2031 for Bangladesh. • Reduced financial assistance from (EIF) for non-LDCs

Source: Compiled from WTO website.

Chapter 3: Assessment of Challenges and Losses of S&DT Benefits after Graduation

3.1 Challenges and Impact of LDC graduation

After graduation from LDCs, a range of restrictive WTO rules and agreements that have been waived for LDCs under the Enabling Clause,[88] will be enforced once Bangladesh graduates. The Agreement on Subsidies and Countervailing Measures (SCMs), Agreement on Agriculture (AoA), General Agreement on Trade in Services (GATS), Agreement on Trade Related Investment Measures (TRIMS), and Trade Related Property Rights, are the major ones that Bangladesh will be required to comply with in the post-graduation era.

3.1.1 Impact of Agreement on Trade-Related Investment Measures (TRIMs)

There are three S&D provisions in the Agreement on Trade-Related Investment Measures (TRIMs Agreement), which fall into three separate categories:

a) **Flexibility of commitments, of action, and use of policy instruments- (Article 4):** Under the article 4, LDC countries are opportune to have the "flexibility of commitments from Development countries, of action, and use of policy instruments".

Article 4 (Developing Country Members)

A developing country Member shall be free to deviate temporarily from the provisions of Article 2 to the extent and in such a manner as Article XVIII of GATT 1994, the Understanding on the Balance-of-Payments Provisions of GATT 1994, and the Declaration on Trade Measures Taken for Balance-of-Payments Purposes adopted on 28 November 1979 (BISD 26S/205-209) permit the Member to deviate from the provisions of Articles III and XI of GATT 1994.

As article III of GATT 1994 stipulates the general principle that Members must not apply internal taxes or other internal charges, laws, regulations, and requirements affecting imported or domestic products so as to afford protection to domestic production.

b) **Transitional time-periods: Two provisions (Article 5.2 and 5.3):**

Under the TRIMs Agreement, Member countries are required to notify the WTO Council for Trade in Goods of their existing TRIMs that are inconsistent with the TRIMs Agreement within 90 days from the date of entry into force of the WTO Agreement (Article 5.1). According to the article 5.2, each Member shall eliminate all TRIMs which

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[88] The GATT's "Enabling Clause" acts as the WTO's legal basis for the Generalized System of Preferences (GSP) under which developed countries offer non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing/LDC countries.

are notified under Article 5.1, within two years of the date of entry into force of the WTO Agreement in the case of a developed country Member, within five years in the case of a developing country Member, and within seven years in the case of a least developed country Member. After Graduation, the flexibility will be end. Bangladesh now currently enjoying this issue which will be ended after graduation.

Impact on graduating LDCs

Unless another transition period is negotiated, after 2020 LDCs will not be allowed to introduce new measures that are inconsistent with the TRIMs Agreement. However, the fact that there have been no notifications of any such measure since the 2005 Hong Kong Decision suggests that the loss of this flexibility would have a limited impact on graduating LDCs.

3.1.2 Impact of Losing TRIPS Waiver

The primary impact of TRIPS waiver phase-out is likely to be felt in the pharmaceutical sector of the country. Unlike other LDCs, Bangladesh has a unique and highly functioning pharmaceutical export sector. While most least developed economies suffer from technological capacity constraints and shortage of skilled manpower to effectively produce medicines domestically, Bangladesh has acquired a large capacity in fulfilling more than 90 percent of the local market demands for drugs.

The end of TRIPS waiver will likely trigger two types of potential consequences for the industry: production and export related impacts and significant changes in the local legal framework to make it compatible with the WTO regime.

On economic impacts, several things could happen. The current industry of Bangladesh mostly depends on exporting generic drugs, or patented versions of generic drugs. In simple terms, since Bangladesh is a member of the LDC group, it is allowed to produce drugs and export them regardless of active patents. In post-LDC era, local firms may face cutbacks in production and export of patented generics because that will be the violation of TRIPS argument. This may lead to a loss of some export earnings for local manufacturers. There needs to be more empirical research on this issue to find out exact potential impact on market as it is not known to what extent patented drugs are produced and exported.

The potential impacts of graduation can also affect prices of drugs and market concentration, and they both can affect each other. The demand for medicines is price inelastic and largely influenced by physicians and retail pharmacies. As Rahman and Farin (2018) indicate, while impact on prices are somewhat unpredictable, they will be determined by net effect of different forces and are likely to vary across genres of medicines. But if productions of generic drugs are hampered, then price of such drugs would go up. It is important to notice that, for some life-saving drugs (such as those related to cancer & HIV/AIDS), local producers can sell drugs at a fraction of the price of patent holders. They may not be able to do so in post-TRIPS era. Since local producers now manufacture 97 percent drugs demanded by Bangladeshi consumers, market may get unstable. Drugs that already have their patents expired are not likely to cause abrupt price changes.

For market concentration, there is a chance that smaller firms may become unprofitable and lose their market share. Bigger firms are likely to get a bigger grip on market as they have the technological knowhow and ability to invest in research & development to produce new drugs. They are more prepared for TRIPS waiver phasing out after LDC graduation. The pharmaceutical market is already quite concentrated in Bangladesh as the top 20 companies together account for a close to 90 percent of market share. Foreign multinationals currently hold 9.4 percent of the industry. Their share is expected to grow in post-TRIPS era as government will be forced to make changes in legal framework, allowing them opportunities to invest and do business at more liberal terms.

Quite apart from the impact on the pharmaceutical industry, one other implication needs to be recognized. In fact, there are two exemptions for LDCs under the TRIPS Agreement. One is general exemption and the other is related to pharmaceutical products. The general exemption exempted the LDCs from implementing all substantive TRIPS obligations, such as providing and ensuring various Intellectual Property Rights (IPRs). It will remain in force until 01 July, 2021, which is very likely to be extended further as it happened twice in the past. The main objective of the general exemption is to allow LDCs time to develop their IP regimes through enacting laws and enhancing enforcement capacities. Though Bangladesh has enacted several IP laws or amended the previous ones, in most cases enforcement is still very weak. This is partly due to capacity constraints and partly due to economic unaffordability. For example, copied books and software are being widely used with affordable prices taking the advantage of exemption from the IPR obligations.

3.1.3 Impact of Relaxed Disciplines as Regards Subsidies in Agriculture and Export

a) Impact on Agreement of Subsidies and Countervailing Measures (SCM)

As explained before, the agreement of SCM deals with consistency of subsidies and international provision for using countervailing measures. As an LDC, Bangladesh is exempt from maintaining the high standards of self-restrain regarding trade distortionary subsidies. At the same time, the country is eligible for receiving free technical assistance support in the WTO's dispute settlement process. The biggest impact Bangladesh is likely to face is for using the prohibited or actionable subsidies, or any subsidies that are provided upon export performance. The government of Bangladesh currently provides cash subsidies on exports. Since this is done to incentivize exports, it falls under the prohibited subsidies. According to the WTO Trade Policy Review of Bangladesh (2019), these take the form of cash incentives, and are provided to exporters who do not avail of the duty drawback facility or the bonded warehousing facility. It needs to be pointed out that duty-drawback and bonded warehouse facilities should not be regarded as export subsidies. However, the problem is when cash assistance is provided to exporters that are not using duty drawbacks and bonded warehouses, it is difficult to assess the genuine subsidy elements in the scheme. Therefore, although not the entire cash assistance can be regarded as export subsidies, any WTO member could raise the question about the current policy of supporting export as being non-compliant with WTO rules. In FY22, the Finance Ministry of the government provided Tk 7,350 crore as cash incentives against exports of various goods and services, with nearly half of it going to the apparel industry. In addition to that, the government also makes several industry or sector specific fiscal contribution including grants and tax holidays. In post-graduation era, these subsidies will be considered actionable. Any WTO member will be able to lodge official complaints against Bangladesh. Recent developments in the WTO suggest that developed countries are proactively pursing legal actions against developing economies that violate restraints on such prohibited or actionable subsidies.

In 2018, USA lodged official complaint against India about the latter's supporting garment and some other exports, stating that India provides actionable subsidies in special economic zones, which are not in line with Article 3.l(a) of SCM agreement. This has now been a subject of dispute settlement (DS541). WTO members have generally been reluctant about raising complaints against LDCs with a very few exceptions. However, after graduation such a situation can change dramatically.

Bangladesh needs to closely study such issues and learn what can be done about making the export support policy regime WTO-consistent. Government authorities and other stakeholders should prepare for phasing out export subsidies and other actionable subsidies. Since subsidies will remain important and necessary for incentivizing trade, all concerned bodies should work closely to find out areas of subsidy provisions which are not consistent with WTO's SCM and other agreements.

Currently, it is very difficult to ascertain what portion of cash assistance to exporters can be considered as 'true' subsidies (as mentioned above, these subsidies are often available for firms that do not use bonded warehouses and duty drawback facilities). The cash assistance rates also differ between export sectors. One way of assessing the potential impact of discontinuing cash assistance support is to make use of two assumptions: first, to consider the 'true' subsidy element in the export policy, and second, to consider that export subsidy rates can be treated as equivalent of tariff rates (since both of them promote export competitiveness). In FY18, the government provided around $560 million as export subsidy to 36 items, with nearly half of it going to the apparel industry. According to Razzaque and Rahman, 2019, assuming that half of the total cash assistance went to the RMG sector in 2018 (i.e. $280 million), with the help of partial equilibrium model referred to in the report, it was estimated that the potential export loss could be as high as $131 million or 0.36 percent of total exports in 2018.

b) Impact for Agreement on Agriculture

As per the WTO's Agreement on Agriculture (AoA), Bangladesh will have to address a few issues.

A primary concern will emerge from subsidies that falls under the so-called amber box. Agricultural subsidies in terms of price support will have to be completely avoided in the future. In FY23, the government proposed an agricultural subsidy package of approximately $9.2 billion.[89] These subsidies do not include any type of price support. But they are mostly implicit support on fertilizers, seeds and fuels used for irrigation. There are also subsidies on farming techniques, farming production, agricultural export, agriculture processing, etc. After graduation, Bangladesh might have to rationalize bound tariff rates for agricultural items. With the average bound tariff rates of around 200 percent for agriculture, the applied MFN tariffs (around 25 percent) are much less than those of the bound rates[90]. Unlike for other developing and developed country members of the WTO, Bangladesh did not have to make any cut or pledge in the earlier stage of AoA negotiations. Nonetheless, given the huge water in the tariff, any required adjustments in the bound tariff rates for agricultural items should not present any major issue for Bangladesh (i.e. there is hardly going to be any discernible impact for domestic producers).

Another issue is the Aggregate Measurement of Support (AMS). It is the indicator of the domestic support on which discipline for the AoA is required. The AMS calculation depends on the value of products and market prices. Developing countries, including

[89] According to Budget speech 2022-23, Subsidy for agriculture is 9500 Crore tk. The budget amount has been converted to $ taking US$ rate as 103.

[90] Impact Assessment and Coping up Strategies of Graduation from LDC Status for Bangladesh, Impact for Agreement on Agriculture, Page 58, Published by ERD 2020; &
Bound Tariff rates in Bangladesh, retrieved from,
https://www.wto.org/english/res_e/statis_e/daily_update_e/tariff_profiles/BD_E.PDF

LDCs are allowed to provide domestic supports up to 10% (de minimis ceiling) of the value of total agricultural production. Estimates from early 2000's suggests that Bangladesh's product subsidy (PS-AMS) is negative, while non-product subsidy (NPS-AMS) is around 1 percent of value of production (VoP) (FAO, 2002). While this may indicate Bangladesh has some wiggling room in terms of AMS and subsidy provision, it is also true that a lot of support that is currently provided are not included in AMS.

Nevertheless, it is generally recognized that the total amount of these subsidies is below 5% of the value of total agricultural production of the country. Therefore, the domestic support Bangladesh is now providing in agriculture sector is well within the de minimis ceiling, i.e., 10%. This should allow Bangladesh to continue with subsidies in fertilizer, irrigation fuel, etc. As regards agricultural export subsidies, LDCs and the Net Food Importing Developing Countries (NFIDCs) are allowed to provide certain forms of export subsidies until 2030, according to the decision taken in the Nairobi Ministerial Conference of the WTO. One issue for Bangladesh is if after graduation from LDCs it will be automatically included in the list of NFIDC. This is a matter of a clarification from the WTO. If Bangladesh is admitted to the group of NFIDC, maintaining export subsidies on agricultural products until 2030 would be a possibility. In any case, the relative significance of agricultural exports in Bangladesh's total exports is quite small and thus any relevant changes in the policy issues are unlikely to generate a significant impact.

If Bangladesh is included in the list of NFIDC of AoA, subsidies related to transport, handling, and packaging under article 9.4 will be allowed to be provided until 2030. Based on the data from five years before the graduation year 2026, Bangladesh will be included in the list of NFIDC if at least 3 out of the latest 5 years' data show Bangladesh to be a net food importer. NFIDC facility may be extended after 2030 for graduated countries. Some agricultural products of India are under the NFIDC list of WTO. Bangladesh is dependent on the import of agro-food products such as onion, sugar, and edible oil and has many possibilities to be included in the NFIDC list.

3.1.4. Impact on General Agreement on Trade in Services

Non-factor services export from Bangladesh remains around 10 percent of total export from the country. In FY2021-22, Bangladesh exported services worth of $8.6 billion. Graduation is unlikely to cause significant impact on graduating LDCs services and service suppliers. The graduating LDCs account for 0.22 per cent of the world's services exports, with a 31 per cent share in LDC exports. So far, 25 countries have announced certain services areas for special treatment of LDCs. These opportunities have just started opening up. LDCs often lack technical capacity to understand what these opportunities really mean and how to operationalize these opportunities through legal procedures.

3.1.5. Impact of Losing Trade-related Technical and Financial Support

- Bangladesh would continue to have access to the EIF for up to 5 years after graduation. Considering the fact that the EIF corresponds to a very small fraction of Aid for Trade flows worldwide and in Bangladesh, and withdrawal of EIF support from Bangladesh will hardly have any impact.
- The Technology Bank for the LDCs was established by the General Assembly in December 2015. Its premises were officially inaugurated in June 2018 in Gebze, Turkey, to implement projects and activities in the LDCs and serve as a knowledge hub connecting LDCs' Science, Technology and Innovation (STI) needs, available resources, and actors who can respond to these needs (UN-OHRLLS, 2018). After graduation from the LDC category, Bangladesh would continue to have access to the LDC Technology Bank for a period of five years, the UNDESA 2019 report[91] mentions.
- After graduating from the LDC category, Bangladesh would no longer have access to the support mechanisms that have been put in place specifically for LDCs to address climate change-related challenges under the Climate Change Fund[92]. However, the mechanisms under the UNFCCC will allow Bangladesh would continue to have access to the Special Climate Change Fund (SCCF) and, more significantly, to the Green Climate Fund (GCF). The SCCF is open to all vulnerable developing countries and currently has a portfolio of $350 million.

3.1.6 Preference Erosion and Their Impact on Export after the End of S&DT

Bangladesh faces a unique post-graduation challenge in the international market when it comes to preference erosion in trade. In FY18, Bangladesh accounted for approximately a quarter of total merchandise exports by all LDCs ($36.66 billion out of a total of $145.44 billion from all LDCs combined). Compared to any other LDCs. Bangladesh has a higher dependence on preferential market access for its exports. Moreover, because of sole export dependency on a single product (RMG), two risks may arise. One is the export margin, which may decline after 2026 and another is the less diversified export basket which may reduce competitiveness

The loss of preferences in the markets of European Union Canada, Australia, Japan, India and China in 2026 (the year which will mark the end of preferences for Bangladesh if the

[91] https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/IA-Bangladesh-2019.pdf

[92] *https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/ldc-portal)*

country can officially graduate from the LDC status in 2026) might lead to a reduction in total exports of Bangladesh. The MFN tariff would not be applied to Bangladesh by China but after graduation Bangladesh would continue to receive APTA benefits from China

Much of the preference erosion or loss of preferences will originate from the fact that Bangladesh will no longer be considered for concessional tariff rates as it enjoys as an LDC. But. In most cases, there are transitionary preferences between tariff rates for LDCs and MFN tariffs implying that tariff escalations could be significant after graduation. Besides, many of the exemptions of WTO provisions will no longer be available after 2026 potentially undermining external competitiveness further. Table 26 provides a summary of various benefits Bangladesh's now avail vis-à-vis the provisions available in the post-graduation era.

Table 26**:** LDC-specific preferences before and after graduation in prominent export destinations

Countries	LDC-Specific Schemes	Applicable schemes after graduation
European Union	Everything But Arms (DFQF)	Standard GSP or GSP+ (after 3-year smooth transition)
Turkey	Everything But Arms (DFQF)	Standard GSP or GSP+ (after 3-year smooth transition)
USA	GSP for LDCs (Bangladesh currently received no preferences)	Standard GSP; AGOA for African states. Bangladesh will continue to face MFN tariffs.
China	Preferential tariffs for LDCs	MFN for WTO members, general duty rates for non-members **The MFN tariff would not be applied to Bangladesh by China but after graduation Bangladesh would continue to receive APTA benefits from China**

Countries	LDC-Specific Schemes	Applicable schemes after graduation
Japan	GSP for LDCs	Standard GSP (no transition support)
Canada	GSP for LDCs	Standard GSP (no transition support)
Republic of Korea	Preferential tariffs for LDCs	MFN
India	Preferential tariffs for LDCs	MFN (Bangladesh to face SAFTA tariffs)
Switzerland	GSP for LDCs	Standard GSP
Russia	GSP for LDCs	Standard GSP
Australia	GSP for LDCs	Standard GSP/MFN Tariff

Source: UNCDP 2018

It is anticipated that the highest impact of preference erosion will generate from the EU market. The EU is the destination for approximately two-thirds of all goods exported from Bangladesh. On the other hand, no impact of LDC-graduation is likely to be felt in the US market given that Bangladesh presently does not get any preferences in that market. Among other developed country markets,

Canada, Japan, Australia, Switzerland and Russia under their respective standard GSP schemes do not cover an important part of Bangladesh's exports which will face MFN tariffs (UNDESA 2019). But the biggest issue with post-graduation preferential systems like standard GSP in developed country markets (including in the EU) is that Bangladesh would no longer be able to use dedicated rules of origin for LDCs, making it more difficult to use preferences for the tariff lines covered by the standard GSPs than it is to use GSP for LDCs.

In the case of Bangladesh's two other largest trading partners, viz, India and China, Bangladesh can export to India under the South Asian Free Trade Agreement and to China under the Asia-Pacific Trade Agreement. The tariff lines and preferences granted by Turkey aligns with the EU. In other countries, exporters will be subject to MFN tariffs (e.g. South Korea). These countries however account for very insignificant amount of export earnings than advanced economies. Therefore, post-graduation export impacts are likely to be trivial.

Bangladesh's market access in Australia even after LDC graduation:

According to the meeting of the first joint working group (JWG) on trade and investment held on 22 February 2023 at Canberra under the Trade and Investment Framework Arrangement (TIFA) signed between Australia and Bangladesh, Australia has officially assured that exports from Bangladesh will officially continue to get duty and quota-free access to the Australian market even after the former graduates from the least developed country (LDC) status in 2026[93].

Significance of the European Union Market for Bangladesh and EBA Scheme:

The Everything But Arms (EBA) preferential market access to LDCs offered by the European Union has played a key role in boosting export growth of Bangladesh. The EU is the largest market for Bangladeshi export products. In FY2021, out of $52.08 billion, the EU alone accounted for more than $29 billion. Out of which, $27.29 billion were income from apparel exports to the EU market (70 percent of total apparel exports from Bangladesh). It is worth noting that Bangladesh is a dominant supplier in the EU market as an apparel exporter. Over the past decade (since 2008) its average yearly growth in exports to the EU was 12 percent. While at the same time, apparel exports by rest of the world to EU grew at a rate of only 2.4 percent per annum (Razzaque and Rahman 2019).

Owing to strong backward linkages, Bangladesh's apparel exports to the EU are dominated by knitwear items under the Harmonized System (HS) of product classification category 61 accounting for a share of about 57 percent of the total export to EU in 2021, which was around 47 percent in 2002. While EBA itself has been an active preferential system since 2001, it initially specified rules of origin (RoO) requirements with a double transformation for clothing items as a precondition for tariff-free market access.

Although knitwear did well in the EU, for woven apparels (under HS 62), this would imply domestically produced fabrics to be used in garment making hindering Bangladesh's capacity to utilize EU preferences. The derogation of EU RoO in 2011 allowed single transformation for LDC clothing exports prompting reinvigorated supply response from the woven garment sector. As shown in Figure 5 following a noticeable decline in relative significance between 2002 and 2010, the share of woven exports to the EU bounced back after 2011 when the rules of origin changed.

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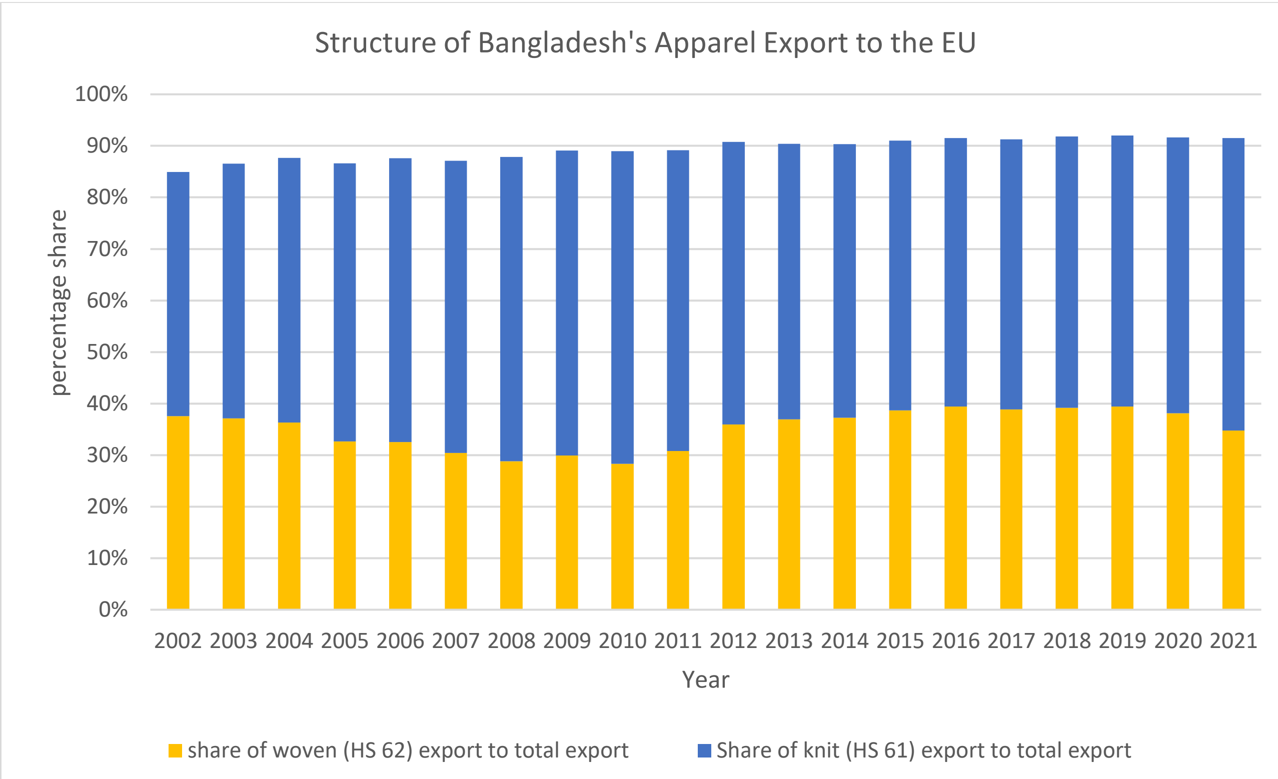
[93] Bangladesh High Commission in Canberra, under the Trade and Investment Framework Arrangement (TIFA) between Australia and Bangladesh.

Figure 5 **Structure of Bangladesh's apparel export to the EU**



The derogated RoO of EBA preferential system is one of the most favourable preferential treatments enjoyed by Bangladesh. In the post-graduation era, Bangladesh can apply for two lesser preferential systems in the EU, the GSP+ and general GSP.

Table 27 Post-graduation Tariff Rates in the European Union

HS Chapter	**Product**	**Share of total export to the EU (2021)**	**Post-graduation Tariffs**		
			Under GSP	**Under GSP+**	**Under MFN**
61	Knitwear	57%	6.4%-9.6% under GSP. 9.6% for most products, including all or most products within HS 6109, 6110, 6104, 6105, 6111 and 6108; which together account for approximately 90% of Bangladesh exports to the EU under HS 61.	0% under GSP+	12 percent for most products
62	Woven Garments	35%	5%-9.6% under GSP. 9.6% for most products, including all products within HS 6203, 6204. 6205, 6206, which together account for	0% under GSP+	12 percent for most products

HS Chapter	Product	Share of total export to the EU (2021)	Post-graduation Tariffs		
			Under GSP	Under GSP+	Under MFN
			approximately 85% of products exports to the EU under HS 62.		
64	Footwear	2%	0%-11.9% under GSP. 4.5% on most products in HS 6403 (62% exports in this group). 11.9% on all products in HS 6404 (18% of exports) and 6402 (16% of exports).	0% under GSP+	8 or 17 percent for most products
63	Home Textiles	2%	1.6%-9.6% under GSP. 9.6% for most products in HS 6302 and 6303 (77% of exports to the EU under 63). Lower (1.6-5.7%) for most products in HS 6305 (16% of exports to the EU under Chapter 63)	0% under GSP+	12-20 percent for most products
03	Fish and Crustaceans	1%	0%-18.5%. Most exports are under HS 030617. Within that group, GSP tariffs on most products are 4.2%; 7% in one product; 14.5% in another product.	0% under GSP+	12-20 percent for most products

Source: UNDESA 2019

3.1.7 Other Related Impacts

Impact of LDC-graduation on other WTO agreements are likely to be minimal, or non-existent for Bangladesh. The Agreement on TRIMs does not have massive LDC-specific implications for Bangladesh. But successfully graduating out of LDC status will surely require reviewing provisions carefully and reevaluating options for investment-related engagements in the private sector. As an LDC, Bangladesh did not have any commitment for opening up services under the TRIMS, but in reality, Bangladesh has already been opening up to selected service sectors for investments, such as, tourism, hospitality, education, and healthcare. There have been foreign investments in the financial and banking sectors, and in the capital market too. So, Bangladesh is fairly open to investments in the services sector, and post-graduation opening up should not pose any additional challenges for the time being.

Among other agreements, the TFA has some LDC-specific support measures of Bangladesh's interest. According to Article 18 and 20 of TFA, LDC members can avail 3 years additional implementation time for certain facilitation act. Bangladesh has already pledged timelines for implementation in category A, B and C. The National Board of Revenue (NBR) is currently working on developing the Bangladesh National Single Window and facilitating Authorized Economic Operator or Trusted Traders system in Bangladesh, as part of customs modernization programme.

A National Enquiry Point has been established and an MoU has been signed for the National Single Window. If necessary, Bangladesh can unveil technical support for any facilitation project. Bangladesh already has the capacity to materialise commitments under category A. Implementation of activities in category B and category C must be sped up and finished before LDC graduation, if necessary, by utilizing available window for special support. Bangladesh as an LDC can shift from category B to category C or from category C to category B, but after LDC graduation, this may not be possible.

Chapter 4: Challenges Faced by Other Graduated LDCs and Taken Initiatives

Although Graduation for the LDC status is a remarkable achievement that exhibits the robust economic and overall development scenario of the country, graduating LDC status brings more tangible challenges than benefits. As part of the LDC league, LDC countries enjoy support measures that can broadly be categorized into three areas – international trade, development assistance, and support in international forums[94]. After leaving the LDC category, countries would no longer have access to these support measures, which leads to potential issues in trade, financing, and development support. However, to overcome the complexities of LDC graduation and lessen the transition challenges, countries adopt different measures and initiatives.

4.1 Existing Status of Graduated LDCs (Botswana, Cabo Verde, Maldives, Samoa, Equatorial Guinea and Vanuatu)

Since 1971, the United Nations has recognized least developed countries (LDCs) as a category of States that are deemed highly disadvantaged in their development process, for structural, historical and also geographical reasons. Approximately 880 million people live in the current 46 LDCs, which make up 12% of the global population and have substantial structural growth barriers. The LDCs only represent 1% of global commerce and less than 2% of global GDP[95]. However, as of 2022, 16 out of 46 LDCs have met the graduation criteria at least once, seven of which are officially graduating[96] and six countries namely Botswana, Cape Verde, Maldives, Samoa, and Equatorial Guinea have so far graduated from LDC status. The following table represents the LDC graduated countries and their graduation year:

Table 28 Graduation timeline of LDC Graduated countries

Sl.	Country	Graduating Year
1.	Vanuatu	2020
2.	Equatorial Guinea	2017

[94] Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures, Fourth Edition, United Nations (2021)

[95] UN recognition of the least developed countries, UNCTAD. Available at- https://unctad.org/topic/least-developed-countries/recognition

[96] Least Developed Country graduation: Past, present and future, OCED (2022) available at- https://oecd-development-matters.org/2022/01/07/least-developed-country-graduation-past-present-and-future/

Sl.	Country	Graduating Year
3.	Samoa	2014
4.	Maldives	2011
5.	Cabo Verde	2007
6.	Botswana	1994

Source: Timeline of country's graduation from the LDC category, UN[97]

For these countries, LDC graduation status served as a double edge sword presenting both risks as well as opportunities. The following discussion explores the status of these six LDC graduated countries.

4.1.1 Existing Status of Vanuatu

With a population of only approximately 300,000, Vanuatu is a small country in the southwest Pacific Ocean made up of about 80 islands. Despite obstacles caused by continuous natural disasters and other circumstances, Vanuatu has recently graduated from the list of least developed countries (LDC). The country was first identified as an LDC in 1985 and on December 4, 2020, it officially left the LDC category. The following table illustrates the Data from the 2021 triennial review compared to the graduation threshold:

Table 29 Vanuatu's LDC graduation status

LDC graduation criteria	Vanuatu's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	2,992 USD	1,222 USD
Human Assets Index (HAI)	78.4	66 and above
Economic and Environmental Vulnerability Index (EVI)	39.6	32 and below

Source: Committee for Development Policy Report on the twenty-third session (22–26 February 2021), United Nations.

The gross national income per capita of the country is more than double the least developed countries graduation threshold, and the human assets index score is high. The economic and environmental vulnerability index score has been improving, albeit slowly. Vanuatu still needs to catch up with other developing countries in terms of productive capacity. The country has limited policy space, with already low tax revenue. Its major

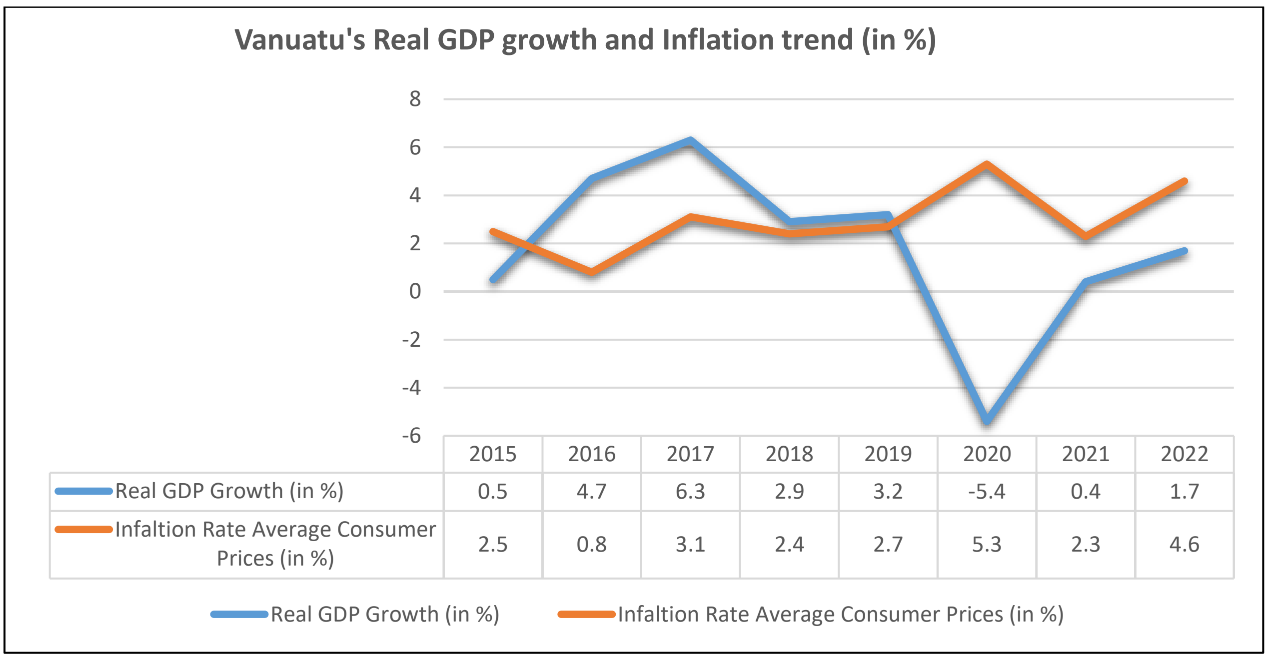
[97] Graduation from the LDC category, United Nations. Available at- https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-graduation.html

income sources, namely, ODA (Official development assistance), tourism and remittances[98].

Vanuatu graduated from the least developed country list despite major setbacks due to climate change, natural disasters and the COVID-19 pandemic. Similar to other countries that graduated, most of Vanuatu's success is as a result of the international aid which enabled the country's stable economic growth. In addition to the aid, Vanuatu has also had success in its strong agriculture sector. The increased diversification in agricultural crops and stocks has helped with the per capita income and human assets criteria for the least developed countries list. When it comes to the economic vulnerability criteria, Vanuatu is still at risk despite graduating. The risk of economic vulnerability stems from the prevalent natural disasters. Even though the country has shown consistent economic growth, the external shocks from natural disasters are out of the country's control as it faces about two to three disasters a year.

The country's real GDP growth and inflation rate (annual percent change) data from 2015 to 2022 shows following tends:

Figure 6 **Vanuatu's Real GDP growth and Inflation trend**



Source: IMF DataMapper, October 2022

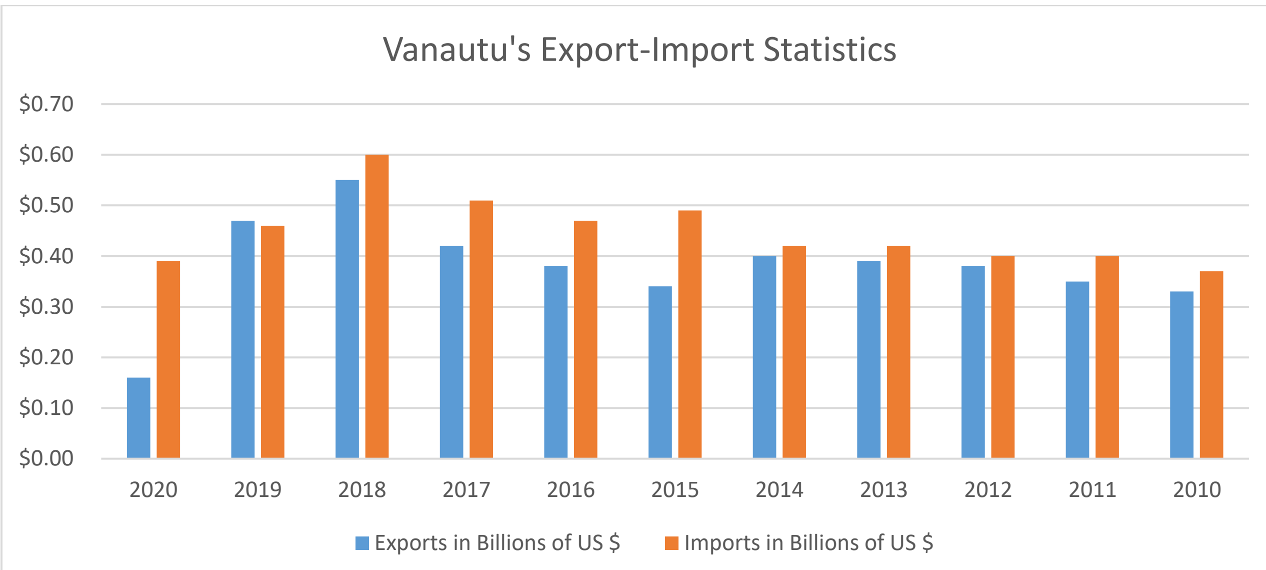
In 2020, Vanuatu was hit by Cyclone Harold and then struck by COVID-19, resulting in a significant reduction in its gross domestic product. This figure indicates that in 2020

98 Committee for Development Policy, Report on the twenty-third session (22–26 February 2021), United Nations.

GDP took a significant downturn, and the inflation rate also increased. After the graduation year 2020, in 2021, Real GDP started to grow and became 1.7%. however, the inflation rate reduced to 1.7% in 2.21 after the graduation year but increased again in 2022. According to the ADB data, Vanuatu's GDP growth is expected at 2% in 2022 and 4% in 2023 also, the country’s inflation rates forecasted at 4.8% in 2022 and 3.2% in 2023[99].

Vanuatu’s economy is expected to recover further in 2023, with a gradual revival in tourism and continued expansion in agriculture and construction. Although the graduation signifies major growth, there is still more economic stability that is needed before the country can significantly reduce its economic vulnerability.

Figure 7 **Vanuatu's Export-Import Statistics**



Source: Macrotrends and World Bank

This figure shows that till 2018 Vanuatu’s trade amount increased gradually and due to pandemic shock in 2019, in the latter years trade decreased for the country.

In 2020, the country’s The main exports were non-fillet frozen fish (70.5% of all exports), perfume plants (8.1%) and passengers and cargo ships (6.6%); while the country mainly imports fuels (8.7% of all imports in 2020), poultry meat (3.3%) and rice with 3.3%. In January 2020, the government decided to suspend the issuing and renewal of all kava export licenses, due to concerns that exporters were taking advantage of farmers, paying them too low prices (in some cases -90% compared to normal prices). The country main trading partners in 2020 were Thailand (38.9% of all exports), Japan (24.8%), Indonesia

[99] Economic indicators for Vanuatu, ADB. Available at-https://www.adb.org/countries/vanuatu/economy

(8.2%) and South Korea (6.5%); while imports came mainly from China (34.6%), Australia (18.4%), New Zealand (11.1%) and New Zealand with 13.6%[100].

4.1.2 Existing Status of Equatorial Guinea

Equatorial Guinea (EQG) is a developing Central African country with a population of estimated 1.5 million people in 2021. It is well endowed with arable land and mineral resources ranging from gold, uranium, diamond, columbite-tantalite, and gas and oil, discovered in the 1990s. The discovery of large oil reserves in the 1990s has allowed Equatorial Guinea to become the third-largest producer of oil in Sub-Saharan Africa, after Nigeria and Angola. The country's macroeconomic and fiscal situation has deteriorated since the end of the last commodity super cycle of 2014, with an average negative GDP growth from 2015 to 2021. However, On 4th June 2017, Equatorial Guinea graduated from Least Developed Country (LDC) status. The country was first identified as an LDC in 1982. The following table depicts the current status of Equatorial Guinea compared to the recent LDC graduation threshold:

Table 30 Equatorial Guinea's current status in LDC thresholds

LDC graduation criteria	EQG's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	7,617 USD	1,222 USD
Human Assets Index (HAI)	67.0	66 and above
Economic and Environmental Vulnerability Index (EVI)	18.7	32 and below

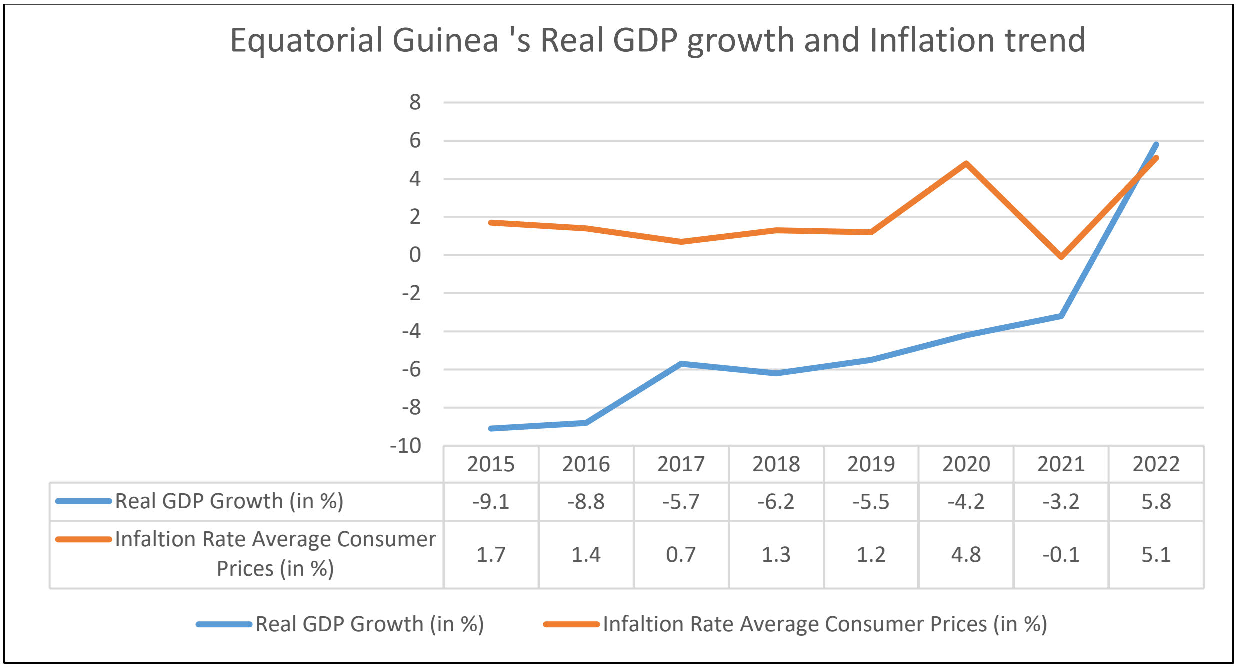
Source: Committee for Development Policy Report on the twenty-third session (22–26 February 2021), United Nations.

This table data indicates that the gross national income per capita is six times higher than the graduation threshold, but the human assets index score is far lower than other countries with similar income levels. After the graduation became effective, Equatorial Guinea expressed interest in possible postponement of graduation. Moreover, the country has not yet submitted a report on its implementation of a smooth transition strategy since its graduation in 2017.

[100] Vanuatu country profile by OEC, available at- https://oec.world/en/profile/country/vut

Equatorial Guinea is highly dependent on oil and continues to face serious challenges due to the decline in hydrocarbon production, compounded by low investment and the impact of COVID-19. Real gross domestic product has contracted rapidly since 2015 and other macroeconomic indicators also show a steady deterioration. The country's Prospects for a rebound in oil production and exports remain unclear. The following figure shows the country's real GDP growth and inflation rate (annual percent change) data from 2015 to 2022:

Figure 8 Equatorial Guinea 's Real GDP growth and Inflation trend



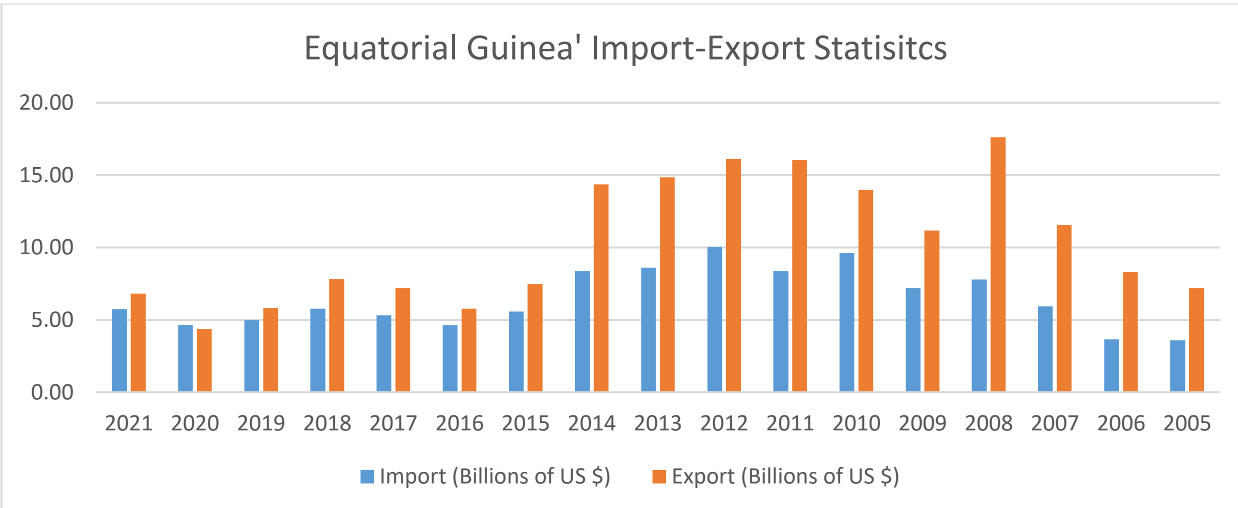
	2015	2016	2017	2018	2019	2020	2021	2022
Real GDP Growth (in %)	-9.1	-8.8	-5.7	-6.2	-5.5	-4.2	-3.2	5.8
Infaltion Rate Average Consumer Prices (in %)	1.7	1.4	0.7	1.3	1.2	4.8	-0.1	5.1

Source: IMF DataMapper, October 2022

This figure shows that Equatorial Guinea is having continuous negative GDP growth from 2015. After its graduation year in 2018, from 2019 the negative growth has begun to reduce and in 2022 a positive growth of 5.8% is expected. The country's inflation rate is almost controlled but it is expected to rise to 5.1% in the 2022.

According to the AFDB (African Development Bank) the country's growth is forecast to continue in 2022 at more than 5.0%, followed by a contraction of 1.9% in 2023. Inflation can ebb from its high in 2020, settling to 3.7% in 2022 and 3.8% in 2023, due to decreases in imported inflation. The budget balance is expected to be in surplus of 3.8% of GDP in 2022 and 4.4% in 2023, on the assumption that the oil price per barrel will increase from \$63.20 in 2021 to \$66.20 in 2022, given that 81.4% of tax revenue stems from petroleum income. Improvements in the trade balance should lead to a sharp decrease in the current account deficit by 2023[101]. The economy of the country is slowly emerging from the ravages of the 2020-21 shocks, buoyed by higher international oil prices. However, substantial challenges like surging food prices and banking sector vulnerabilities, implied decline in external reserves, declining hydrocarbon production still remains[102].

Figure 9 Equatorial Guinea' Import-Export Statistics



Source: Macrotrends and World Bank

This graph indicates that after 2014, the countrys import-export reduced, however, after LDC graduation in 2017, the countrys trade is sustaining the usual trend without any significant disruptions.

In Equatorial Guinea, oil accounts for 80 percent of total exports and 90 percent of government revenues. Equatorial Guinea also exports timber, natural gas, cocoa and fish. Equatorial Guinea's main export partner is Spain (15 percent of total exports). Others include: China, United States and Japan.

4.1.3 Existing Status of Samoa

Samoa is a small country in Oceania with a population of estimated 195,000 people. The economy of this country revolves around fishing and agriculture, which is vulnerable to cyclones and disease. However, its attempts at diversification have met with success. Tourism is growing in the country, because of the islands' scenic attractions and fine

[101] Equatorial Guinea Economic Outlook, AFDB. Available at- https://www.afdb.org/en/countries/central-africa/equatorial-guinea/equatorial-guinea-economic-outlook

[102] Republic of Equatorial Guinea: 2022 Article IV Consultation—Press Release; Staff Report; And Statement By The Executive Director for Republic of Equatorial Guinea, IMF Staff Country Report.

beaches. Offshore banking spearheads an expanding services sector. Despite this, many younger Samoans are leaving for New Zealand, the US and American Samoa. Money or remittances sent home by Samoans living abroad are being a key source of household income. Also, light manufacturing is expanding and has attracted foreign investment. Samoa was first identified as an LDC in 1971 and in 2014, it officially left the LDC category. The following table depicts the current status of Samoa compared to the recent LDC graduation threshold:

Table 31 Samoa's current status in LDC thresholds

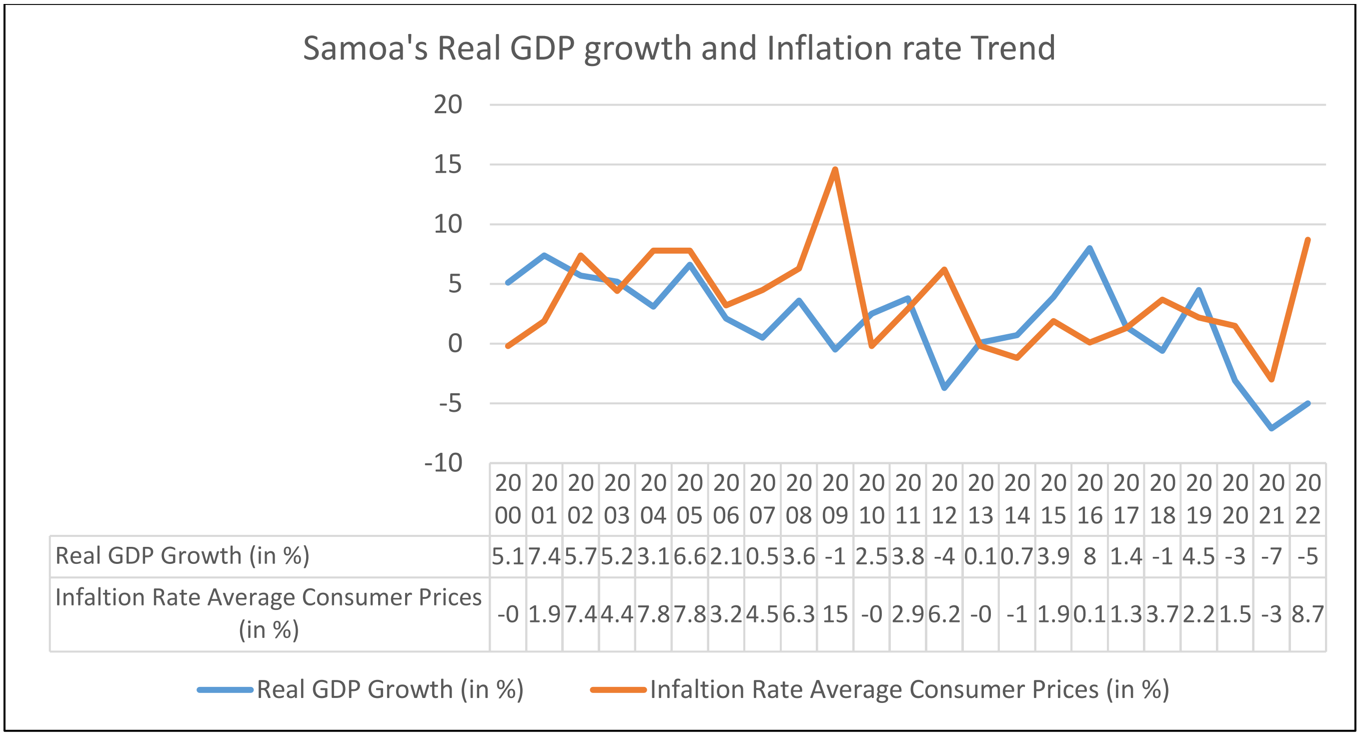
LDC graduation criteria	Samoa's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	4,118 USD	1,222 USD
Human Assets Index (HAI)	96.3	66 and above
Economic and Environmental Vulnerability Index (EVI)	28.2	32 or below

Source: Committee for Development Policy Report on the twenty-third session (22–26 February 2021), United Nations.

Latest Committee for Development Policy (CDP) Report indicates that Samoa has continued to make progress since its graduation in 2014, although the country is facing serious challenges in recovering from the impacts of COVID19, particularly in the tourism sector. The country is making progress in its gross national income per capita, and its human assets index and economic and environmental vulnerability index scores. The government of Samoa continued to engage with its trading and development partners to minimize the negative impacts of graduation. After the transition period, Samoa still has continued to receive preferential market access based on general trade preference schemes, regional trade agreements or WTO arrangements[103]. Samoa is now actively seeking financing to increase its resilience to natural disasters and climate change. The following figure shows the country's real GDP growth and inflation rate (annual percent change) data from 2000 to 2022:

[103] Monitoring of countries that are graduating and have graduated from the list of least developed countries, United Nation 2021, Committee for Development Policy, 2021. Retrieved from, file:///C:/Users/USER/Downloads/CDP-excerpt-2021-4%20(1).pdf

Figure 10 **Samoa's Real GDP growth and Inflation rate trend**



Source: IMF DataMapper, October 2022

This figure indicates that after Samoa's LDC graduation in 2014, Real GDP increased consecutively for 3 years. However, since 2020 the country's GDP has been facing negative growth. After graduation, the country's inflation rate is also relatively low but in 2022 it is expected to increase. After-graduation data shows controlled inflation and good GDP growth compared to the before-graduation situation. However, the pandemic impacts and global war crisis have made unfavorable turns in the country's GDP and inflation trends.

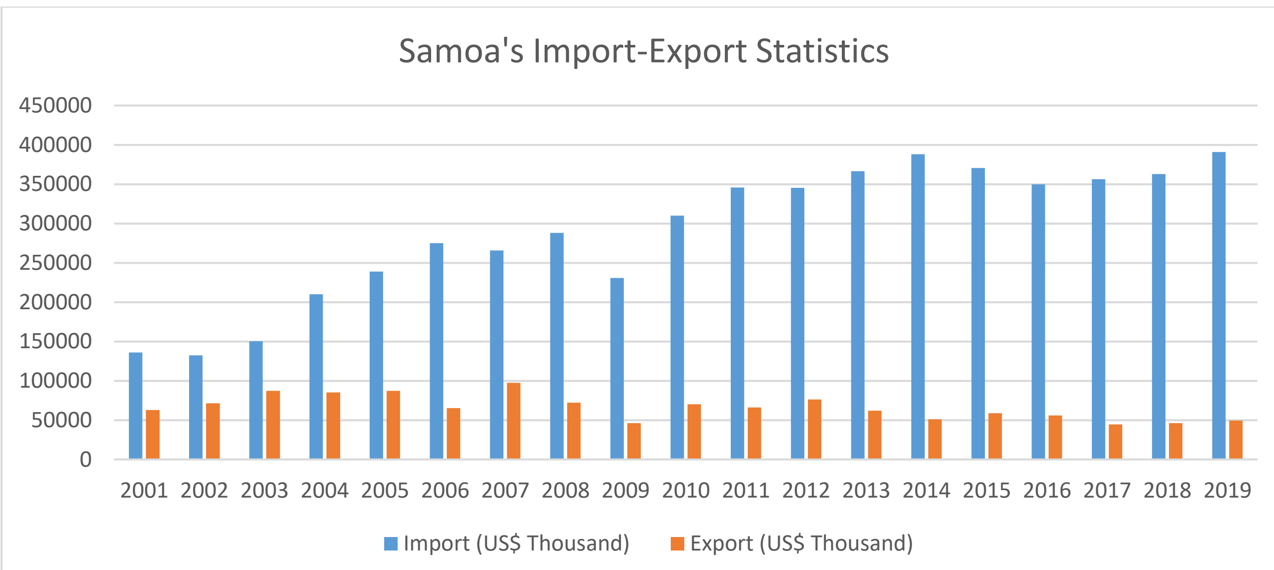
Based on the ADB's indication, Samoa's GDP is expected to contract by 5.3% in 2022 and grow by 2.0% in 2023. The country's inflation rates forecasted at 8.8% in 2022 and 3.2% in 2023.

The economy of Samoa has traditionally been dependent on development aid, family remittances from overseas, tourism, agriculture, and fishing. It has a nominal GDP of $844 million. Agriculture, including fishing, furnishes 90% of exports, featuring fish, coconut oil, nonu products, and taro. The manufacturing sector mainly processes agricultural products. Industry accounts for nearly 22% of GDP while employing less than 6% of the work force. The service sector accounts for nearly two-thirds of GDP and employs approximately 50% of the labor force. Tourism is an expanding sector accounting for 25% of GDP; 132,000 tourists visited the islands in 2013.

The country is vulnerable to devastating storms. In September 2009, an earthquake and the resulting tsunami severely damaged Samoa and nearby American Samoa, disrupting transportation and power generation, and resulting in about 200 deaths. In December 2012, extensive flooding and wind damage from Tropical Cyclone Evan killed four people, displaced over 6,000, and damaged or destroyed an estimated 1,500 homes on Samoa's Upolu Island.

The Samoan Government has called for deregulation of the country's financial sector, encouragement of investment, and continued fiscal discipline, while at the same time protecting the environment. Foreign reserves are relatively healthy and inflation is low, but external debt is approximately 45% of GDP[104].

Figure 11 Samoa's Import-Export Statistics (products)



Source: WITS (World Integrated Trade Statistics), World Bank

This figure indicates Samoa’s consistency in the import and export level after LDC graduation in 2014.

Currently Samoa’s top export destinations include New Zealand, American Samoa, USA, Australia, Tokelau and some Asian countries.

Samoa’s top export products are

[104] Samoa Economy Profile, IndexMundi. Available at- https://www.indexmundi.com/samoa/economy_profile.html

Fish and crustaceans, mollusks and other aquatic invertebrates, Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes, Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes, Edible vegetables and certain roots and tubers, Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles, Beverages, spirits and vinegar[105].

4.1.4 Existing Status of Maldives

The Maldives is a country of around 550,000 people dispersed across 185 islands. The country is located in the Indian sub-continent. The economy revolves around tourism, and scores of islands have been developed for the top end of the tourist market. Maldives was included in the LDC category in 1971 and the country graduated from the LDC in 2011. In the latest (2021) LDC graduation threshold level, Maldives' standings are following:

Table 32 Maldives' current status in LDC thresholds

LDC graduation criteria	Maldives's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	9,189 USD	1,222 USD
Human Assets Index (HAI)	89.4	66 and above
Economic and Environmental Vulnerability Index (EVI)	42.7	32 or below

Source: Least Developed Country Category: Maldives Profile, UN

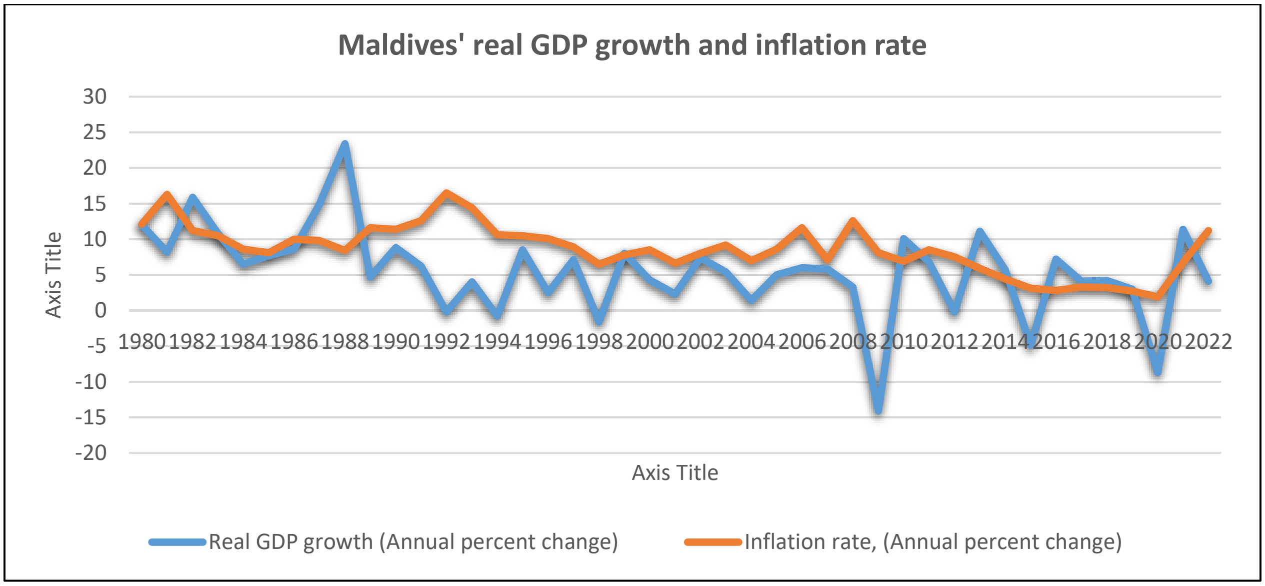
Maldives GNI per capita was 7.5 times higher than the income graduation threshold, and the human assets index score reached almost 90. The economic vulnerability index score, however, has not improved, in fact is above the current threshold indicating that the country remained highly vulnerable to environmental and external economic factors.

In its twentieth session, United Nations' Committee for Development Policy found that graduation had not caused significant disruption to the development path of the Maldives. The termination of trade preferences extended to Maldives by its major trading partners after graduation had no major effects on expanding exports of fish, and development assistance flows have not been significantly reduced following graduation.

[105] Trend Economy, Samoa's Annual International Trade Statistics by Country (HS), (2021)

Maldives Real GDP growth rate and inflation rate over the last decades shows following trends:

Figure 12 **Maldives' real GDP growth and inflation rate**



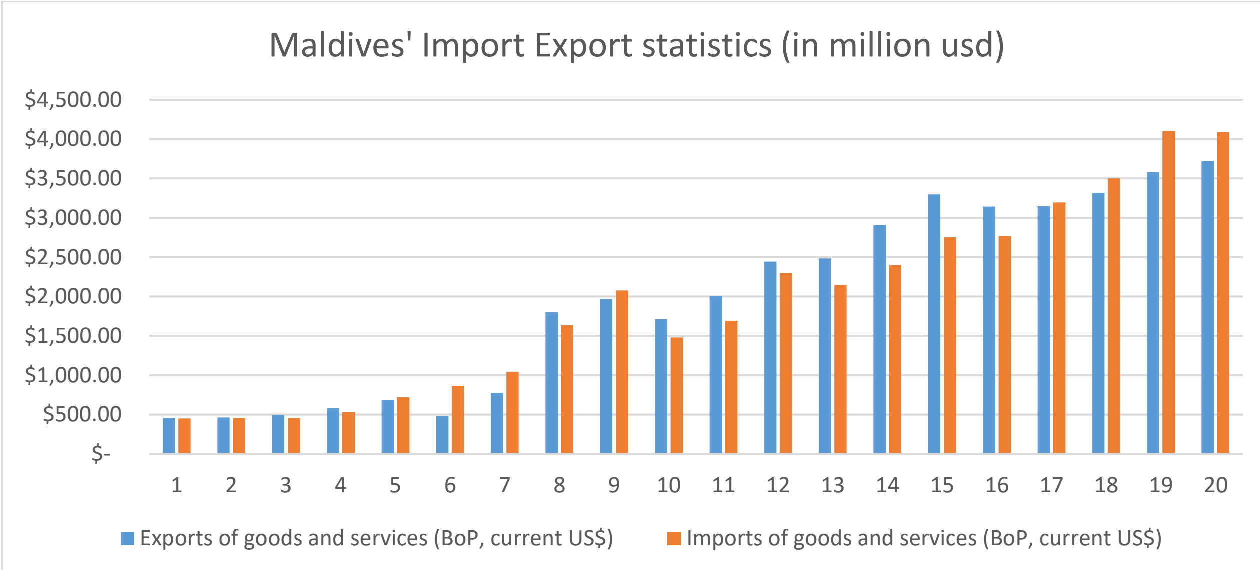
Source: IMF DataMapper October 2022

This figure shows that after the LDC graduation in 2011, Maldives managed to sustain its positive GDP growth successfully. The country's inflation rate is also relatively low and consistent. However, Maldives took a strong blow in 2020 as due to the pandemic its GDP growth declined by about 33% but in the following year, it achieved a 37% increase which signifies the agility of the economy.

ADB estiamtes that Maldives' GDP growth is expected at 8.2% in 2022 and 10.4% in 2023. Also the inflation rates forecasted at 3.3% in 2022 and 2.8% in 2023. Despite sharp fall in economic activity in 2020 during the Covid-19 pandemic, the economic growth recovered quickly in 2021. Overall, sustained growth performance in the last decade has significantly reduced poverty, and Maldives performs well on poverty outcomes compared to its regional, income, and small island peers. The economy is heavily dependent on tourism which has been the main driver of economic growth in Maldives.

The countries import-export statistcs can be contemplated in the figure below:

Figure 13 **Maldives' Import-Export Statistics (products)**



Source: WITS

The figure indicates Maldives continuous increase of trade over the years even after the LDC graduation in 2011. As a service depended economy, in 2017, the country's service export was $3.15Billion and import was $1.3Billion.

The top exports of Maldives are Non-fillet Frozen Fish, Fish Fillets, Processed Fish, Non-fillet Fresh Fish, and Special Purpose Ships, exporting mostly to Thailand, France, Germany, India, and United States.

The top imports of Maldives are Refined Petroleum, broadcasting Equipment, Other Fruits, Packaged Medicaments and Other Furniture importing mostly from China, India, United Arab Emirates, Singapore, and Sri Lanka.

4.1.5 Existing Status of Cabo Verde

Cabo Verde is an island country in the central Atlantic Ocean. With a population of about 491,233 (2021 Census), only 10% of its territory is classified as arable land, and its mineral resources are limited[106]. Cabo Verde has witnessed significant economic progress since 1990, driven in large part by the rapid development of tourism (25% of GDP), coupled with considerable social development thanks to strong social policies since the 1970s. Cabo Verde's inclusion to LDC was in 1977 and in 2007 the country graduated from LDC status. In the latest (2021) LDC graduation threshold level, Cabo Verde's standings are following:

[106] The World Bank in Cabo Verde, available at- https://www.worldbank.org/en/country/caboverde/overview

Table 33 Cabo Verde's current status in LDC thresholds

LDC graduation criteria	Cabo Verde's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	3,371USD	1,222 USD
Human Assets Index (HAI)	91.2	66 and above
Economic and Environmental Vulnerability Index (EVI)	39.9	32 or below

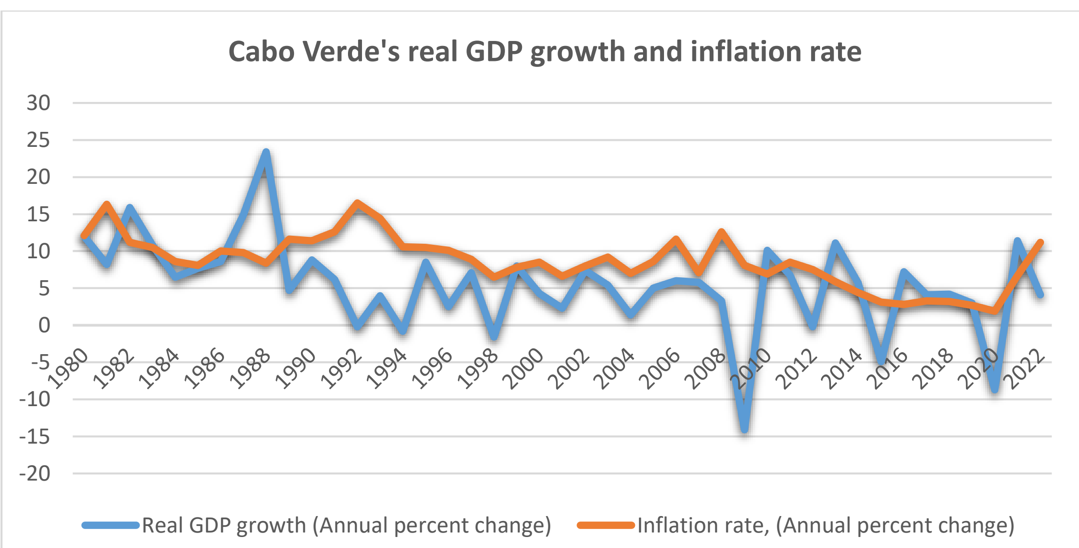
Source: Cabo Verde Profile, UN

Cape Verde, which graduated in 2007, showed no signs of a reversal of its development progress. Both its GNI and GDP continued to grow steadily, and the HAI shows further progress. The economic vulnerability of Cape Verde, as measured by the EVI currently remains high compared to recent graduation required level.

The smooth transition of Cape Verde was supported by a transition strategy devised by the Government in cooperation with a donor support group. Even though some donors reduced support, overall ODA actually increased since graduation. This support proved important in offsetting the negative impact of the global economic and financial crisis on the country's tourism sector, foreign direct investment and remittances.

Cabo Verde's Real GDP growth rate and inflation rate over the last decades shows following trends:

Figure 14 **Cabo Verde's real GDP growth and inflation rate**



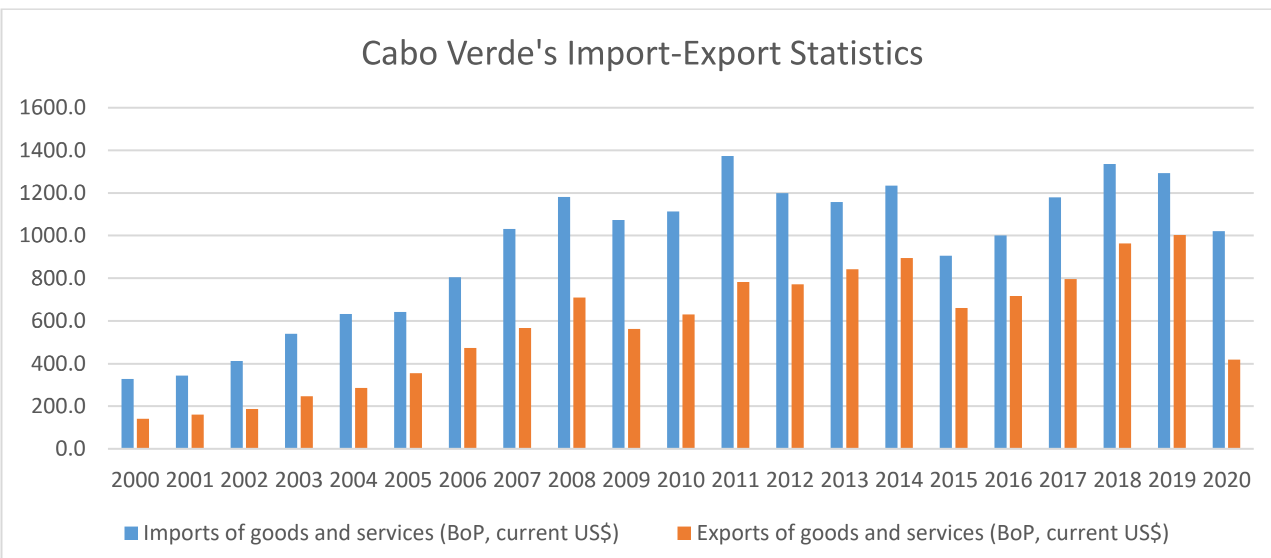
Source: IMF DataMapper

The figure depicts that since Cabo Verde's LDC graduation in 2007 GDP growth declined slowly over the years but hit 14.6% increase in 2018. However, in 2020 it reached record low of 14.8% decline. The inflation rate remained low and controlled after the graduation years and expected to reach high in 2022.

The country's economic activity expanded 7% in 2021, magnified by base effects after a contraction of 14.8% in 2020. On the supply side, manufacturing and construction led growth, while private and public consumption led on the demand side. Inflation rose from 0.6% in 2020 to 1.9% in 2021, due to higher international oil and food prices. The fiscal deficit remained high at 7.3% of GDP in 2021. Public debt increased slightly to 143% of GDP, driven by sustained current expenditures [107].

Cabo Verde is heavily dependent on imported food and services account for a substantial proportion of the gross domestic product. The draw of nautical sports such as sailing and fishing and the attraction of the islands' biodiversity have contributed to an increase in tourism to the islands, particularly by European visitors. The country's export-import statistics is presented in the following figure:

Figure 15 Cabo Verde's Import-Export Statistics



Source: WITS

The figure indicates that Cabo Verde's trade growth sustained positively after its LDC graduation in 2007. In 2009 and 2010 trade reduced compared to previous years but achieved growth momentum through 2011-2014. Trade was reduced in 2015 but again

[107] The World Bank in Cabo Verde, October 2022

gradually increased in the following years. The recent pandemic shock adversely impacted the trade scenario in latest years.

The top exports of Cape Verde are Processed Fish, Non-fillet Frozen Fish, Mollusks, Footwear Parts, and Knit Men's Undergarments, exporting mostly to Spain, Portugal, Italy, United States, and Germany.

The top imports of Cape Verde are Refined Petroleum, Delivery Trucks, Cars, Railway Cargo Containers, and Cement, importing mostly from Portugal, Netherlands, Spain, China, and Italy[108].

4.1.6 Existing Status of Botswana

Botswana is a country in Southern Africa which was one of the world's poorest countries at independence in 1966. However, it rapidly became one of the world's development success stories. Significant mineral (diamond) wealth, good governance, prudent economic management, and a relatively small population of about 2.4 million (2021), have made it an upper middle-income country with an agenda of becoming a high-income country by 2036. Botswana was included in the LDC category in 1971 and graduated from the LDC status in 1994. In the latest (2021) LDC graduation threshold level, Botswana's standings are following:

Table 34 Botswana's current status in LDC thresholds

LDC graduation criteria	Botswana's status in the 2021 triennial review	Graduation threshold (2021 triennial review)
Gross national income (GNI) per capita	7,304 USD	1,222 USD
Human Assets Index (HAI)	83.1	66 and above
Economic and Environmental Vulnerability Index (EVI)	50.9	32 or below

Source: Least Developed Country Category: Botswana Profile, UN

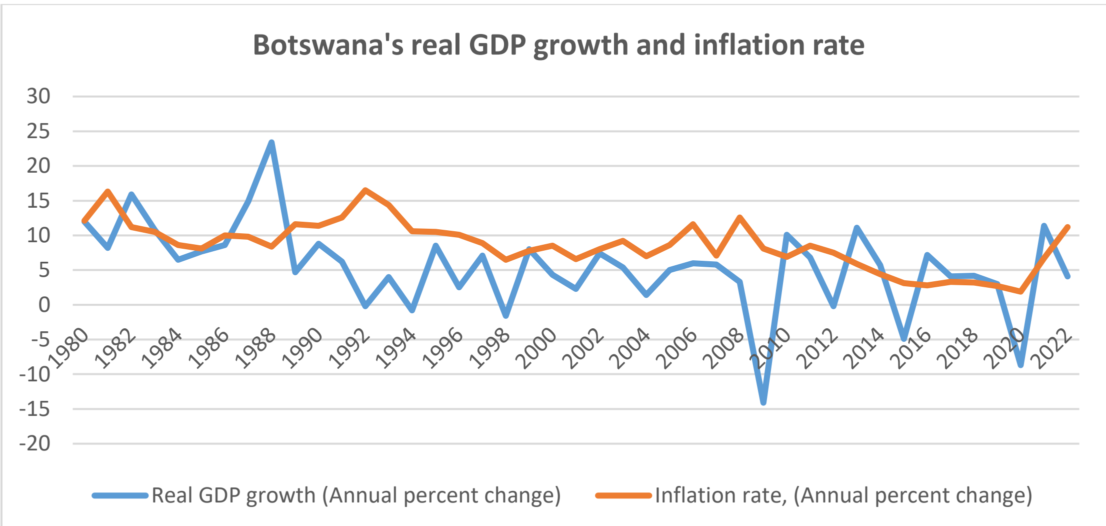
Botswana's GNI is currently about 6 times higher than graduation required GNI and HAI is still above the required level. However, the country's EVI is way higher than the current graduation threshold that indicates more economic and environmental risk and vulnerability in the country. Inequality in Botswana remains among the highest in the world, job creation lags, and unemployment is structurally high at 26% at the end of 2021. The success of Botswana was achieved due to its adoption of good policies. These have

[108] Cape Verde Profile-OEC

prompted rapid accumulation, investment and the socially efficient exploitation of resource rents.

Botswana's Real GDP growth rate and inflation rate over the last decades shows following trends:

Figure 16 **Botswana's real GDP growth and inflation rate**



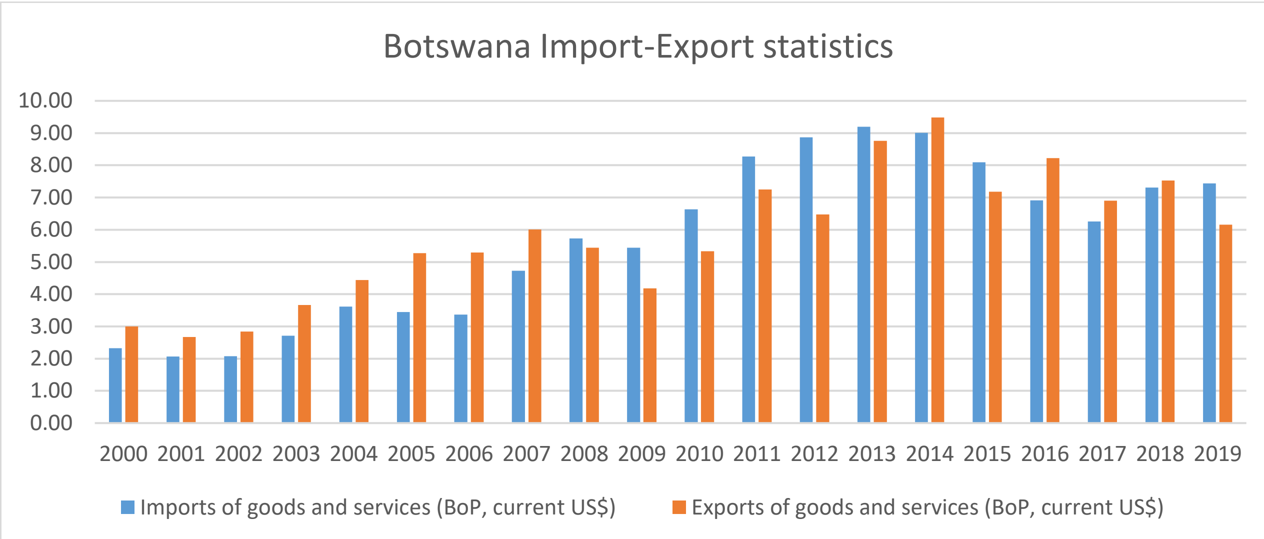
Source: IMF DataMapper

Since its graduation from the LDC category in 1994, Botswana showed continued improvement and sustained GDP growth. In 2009 the country hit record-low GDP growth but its economy was agile enough to recover it in the following year. Again in 2020 pandemic adversities reduced the GDP growth significantly but the economic situation recovered in the next year. The inflation rate trend shows a high level of inflation from graduation year (1994) which began to reduce in 2012 but is again expected to rise from 2022.

Botswana's macroeconomic policy framework is anchored in prudent macroeconomic policies and good governance, but despite having maintained positive political and economic levels over the years, challenges remain. Botswana's reliance on diamonds and a public sector-driven model makes the economy vulnerable to external shocks, as diamonds contribute over 80%of total exports and are a major source of fiscal revenues. This vulnerability was evident during the COVID-19 pandemic when the economy contracted by 8.7% in 2020 and fiscal pressures rose.

Botswana's trade balance is tied largely to the global demand for diamonds, which represents over 80 percent of the country's export revenues. The country's export-import statistics is presented in the following figure:

Figure 17 Botswana's Import-Export statistics



Source: WITS

This figure shows that over the years Botswana's export level has remained higher than the import and both import-export elevated gradually indicating sustained growth of foreign trade.

The top exports of Botswana are Diamonds, Gold, Insulated Wire, Bovine, and Carbonates, exporting mostly to Belgium, United Arab Emirates, India, South Africa, and Singapore.

The top imports of Botswana are Diamonds, Refined Petroleum, Electricity, Tanks and Armored vehicles, and Cars, importing mostly from South Africa, Namibia, Belgium, United Arab Emirates, and Canada.

4.2 Challenges Faced by the Graduated Countries and Initiatives Taken

From preference erosion to support fund loss, LDC graduation can present a country with diverse set of adversities. Some of the challenges faced by the graduated countries are:

4.2.1 Challenges Faced by Vanuatu

According to national reporting, Vanuatu's main exports are fishery products, coconut products, kava, beef, timber, and cocoa. Over half of Vanuatu's main exports are currently traded duty-free. With the exception of beef sent to Japan and coconut oil to Taiwan, this duty-free treatment has not been afforded under LDC concessional measures provided by most members of the World Trade Organization, under what is known as the generalized system of preferences (GSP). Rather, it is due to the market access arrangements Vanuatu has negotiated. However, global trade liberalization has eroded much of the preferential tariff treatment provided to LDCs as evidenced by the number of countries that do no longer charge import tariffs on a number of Vanuatu's main export commodities. For those products that may be impacted by future tariff changes, it is noted that LDC concessional treatment does not disappear immediately upon graduation and since Vanuatu graduated recently its still enjoying the LDC provisions for a transition period.

In the absence of any bilateral arrangements After LDC provisions, Vanuatu's to Thailand, Japan and other major export destination will face a higher tariff rate imposed by Japan on all countries that do not have preferential access. But based on current trading patterns, the Committee for Development Policy estimated that the overall impact of losing access to the LDC duty-free and quota-free provisions will have minimal impact on Vanuatu exports.

However, over recent years geopolitical tensions, protectionist policies, and shifting views on globalization have destabilized global trading systems. The current climate of trade uncertainty has unpredictable consequences for investment behavior and international supply chains. Although currently used to a limited extent, the LDC preferential measures do offer a degree of surety, and act as something of a safeguard measure to major market changes. In their absence, it will be more important than even for Vanuatu to continually assess its exposure to changing circumstances in relation to the key markets it is, or wants to be, part of.

The main LDC-specific resource that Vanuatu has accessed is the Least Developed Countries Fund established under the United Nations Framework Convention on Climate Change, and dispersed through the Global Environment Facility (GEF). This has been an important means to help develop the National Adaptation Programme of Action, and implement some of its priority actions. To date, Vanuatu has received USD 19.4m (contributing to co-financing four projects worth USD 82.7 million). Vanuatu will maintain access to resources for projects already approved, but will not be able to apply for new projects under this fund after it has graduated.

In summary, Vanuatu will face following challenges once the LDC graduation transition period is over[109]:

[109] LDC Graduation: Challenges and Opportunities for Vanuatu, UNESCAP

- Although most of Vanuatu's main exports do not avail of the LDC specific duty-free and quota-free exemptions available in many markets, access to these exemptions will be lost.
- Most notably the loss of duty-free, quota-free access will affect current trading arrangements in relation to beef exports to Japan and coconut oil to Taiwan.
- Increased exposure to the risk of getting caught up in trade disputes of others and potential tariff and other trade policy changes that arise from these, requiring increased human and technical resources to keep abreast of and respond to changes.
- Loss of access to funding under the Enhanced Integrated Framework.
- Loss of access to the LDC Fund under the Global Environment Facility (GEF).
- Loss of LDC preferential allocation of aid and potentially higher costs associated with concessional loans (i.e., higher interest rates and shorter repayment periods).
- Loss of LDC caps to UN contributions and funding for travel to participate in UN meetings.
- Loss of access to the Technology Bank for LDCs.
- Increased human and technical resources associated with WTO obligations.

Initiatives and Opportunities of Vanuatu

- Vanuatu adopted a smooth transition strategy to graduate from the least developed country category, despite the impacts of disasters and COVID-19.
- Vanuatu is adopting alternative measures available under frameworks designed to support (non LDC) developing countries, for example the European Union's 'GSP Plus', which is a special incentive arrangement geared towards rewarding governance, human rights and environmental protection standards.
- Vanuatu is trying to identify and negotiate the most appropriate future preferential trading arrangements for target sectors, working closely with industry representatives from the main export sectors.
- Vanuatu has made extensive use of 'Enhanced Integrated Framework' (EIF) facilities and improved the operation of the National Trade Development Committee.
- As the country rolls out its revised sector strategies under the framework of *Vanuatu 2030*, it focused more deeply on the nontariff issues that have held back growth in both export and domestic markets. Expanding the focus beyond tariff preferences, and armed with more detailed product strategies to boost both quality and supply are likely to open doors to new markets for high quality, niche products.

- Vanuatu is trying to use LDC graduation transition period to leverage future funding and capacity building activities through alternative sources. This may provide an opportunity to better integrate activities undertaken through the Ministry of Trade (the focal point for EIF) with other arms of government, linking to machinery of government reforms and cross-sectoral implementation of *Vanuatu 2030.*

4.2.2 Challenges Faced by Equatorial Guinea

With an oil-propelled GNI per capita ($16,089) six times above the "income-only" graduation threshold ($2,484), Equatorial Guinea is the first LDC to graduate thanks to a rapidly growing national income.

The country still faces serious challenges due to low oil production and prices. its heavy reliance on oil exports (over 90% of total merchandise exports) leaves it highly vulnerable to oil price-related shocks and reserves are expected to be exhausted in a couple of decades.

Except for Equatorial Guinea, all the former LDCs have maintained steady progress in the GNI per capita. Equatorial Guinea's fall in income level can be attributed to price instability of its primary export, crude oil. It also faced other problems like unemployment, underemployment, automation and inadequate working opportunities since it could not the human assets and the economic vulnerability indicators accurately.

China, the EU, and China are the most important trading partners for Equatorial Guinea and together account for almost 65% of total trade. Less than one percent of overall imports from Equatorial Guinea make use of EBA preferences. The country did not take advantage of EBA preferences in 2020[110].

The country left the LDC category in 2017, completed its Diagnostic Trade Integration Study (DTIS) in 2019. While the DTIS didn't not make explicit reference to the postgraduation strategy, it mentioned that limited progress in advancing the Economic Partnership Agreement with the European Union (EU) could have an adverse effect on export performance and slow down economic diversification efforts, as the three-year transition period under the EU's Everything But Arms (EBA) initiative ended in January 2021[111].

[110] Equatorial Guinea, GSP hub, available at- https://gsphub.eu/country-info/Equatorial%20Guinea
[111] Trade impacts of LDC graduation, WTO

Equatorial Guinea also exceeds the criteria for the Standard GSP. China, the EU, and China are the most important trading partners for Equatorial Guinea and together account for almost 65% of total trade. The country will face preferential market access and tariff benefit to some countries since LDC provisions has ended but its oil product export may be insensitive to these circumstances.

Initiatives and Opportunities of Equatorial Guinea

- Equatorial Guinea developed a National Economic Development Plan: Horizon 2020, the country's long-term development strategy that highlighted two objectives: (1) transition from an oil dominated to a diversified economy; and (2) the reduction of poverty and enhancement of social cohesion. During the Phase I of the plan (2008-2012), road, port and airport infrastructure were created, the electricity supply network was improved public housing and buildings were built. The Phase II of the plan (2013-2020) aims at improving governance, the business climate and human capital formation
- Although there is no significant negative impact of graduation is foreseen on Equatorial Guinea, the country empathized economic diversification, including expanding export destinations and strengthening the service sector, and social development in its policy level. The following possible actions were considered regarding the diversification and enhancing productivity: (1) participate in EIF and conduct a diagnostic trade integration study (DTIS); (2) conclude negotiations for accession to the WTO as soon as possible; (3) liberalization of trade in services; (4) improve the business environment.
- The country proposed a smooth transitions strategy for overcoming graduation challenges with three phases. The first phase is to establish a consultation mechanism for the development, monitoring and evaluation of the strategy. In the second phase, the strategy could be implemented by proactive actions by the Government (such as participating in EIF, or communicate with various investments funds with the help of the ADB), or by arrangement of the Government with relevant international organizations (such as WTO negotiations). In the third phase, monitoring and evaluation of the smooth transition would be done by the consultation mechanism together with CDP and its secretariat[112].

[112] Monitoring of Graduated and Graduating Countries from the Least Developed Country Category: Equatorial Guinea, Committee for Development Policy (2016)

4.2.3 Challenges Faced by Samoa

With small transition strategy, Samoa effectively encountered its graduation challenges. The country is highly vulnerable to external shocks due to the export structure of the country, a high portion of low-lying areas, and its small population size. Samoa managed to secure most of the aid flows in grant form in 2014, but the increasing loans from multilateral financial institutions and emerging bilateral donors raised concerns on the level of country's external debt.

Also, Samoa's balance of payment is characterized by a large deficit in the balance of goods and a significant surplus in the balance of services, as well as a substantial transfer inflow. But expanding remittances and tourism earnings have been key to the economy.

The Samoan economy is largely dependent on agriculture and tourism. In 2020, total EU imports from Samoa amounted to about €578,000, of which about 55% were eligible for the reduced tariffs granted under the Standard GSP. Samoa did not take advantage of GSP preferences in 2020.

Initiatives and Opportunities of Samoa

- Samoa's smooth transition strategy has been an integral part of its national development strategy, the Strategy for the Development of Samoa (SDS) which provides an overarching framework in planning and implementing policies to sustain economic growth and human capital development. A mid-term review for the SDS has been started to be implemented in 2014 in 14 different sectors. Investments have been focused on infrastructural development, in particular transportation, and securing cost effective renewable energy options by 2017. With focus on the tourism and agriculture/fisheries sectors, extensive programs to revitalize agricultural and fisheries exports were launched in 2014. Market opportunities for primary produce are explored, by making improvement in compliance to product requirements in importing countries. An agribusiness facility was also launched in 2014 to provide support for commercial agriculture as well as subsistence farmers.
- In November 2014, Samoa became a signatory of the Tokelau Arrangement, along with Australia, New Zealand, Niue, the Cook Islands, Tokelau, Tonga, Tuvalu, and Vanuatu, which aims to set catch limits and develop sustainable commercial fisheries for tuna species in the exclusive economic zones of Pacific nations. Most of Samoa's tuna catch is exported and a large proportion of households rely on fisheries income to some degree. Under the Tuna Management and Development Plan 2011-15, the Government attempted to boost exports by encouraging private-sector development and joint ventures with foreign firms in the fishing sector,

looking to add value by promoting local processing. The Government also planned to improve the local regulatory regime to encourage sustainable tuna exports to the EU. In the long run, however, promoting fisheries sector heavily depends on the sustainability of fish stocks.

- The Government continued to engage in consultation with the private sector on the compliance obligations following WTO accession in 2012. The Diagnostic Trade Integration Study conducted in 2010 pointed out that there might be significant adjustment costs in agriculture, food-processing, and manufacturing sectors, related to issue of intellectual property rights, sanitary and phytosanitary systems, subsidies and countervailing measures, and technical barriers to trade.
- The Government has successfully negotiated with some of its export trading partners on the continuation of DFQF schemes beyond graduation. China agreed to extend zero tariff treatment on noni juice and other agro-processing products until 2017. Discussions are still ongoing with the Government of Japan on a similar arrangement for noni juice, fish exports and organic products such as honey, vanilla and cocoa.
- Samoa continued to receive preferential market access to Australia under the Australian system of Tariff Preferences as well as the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). For New Zealand, Samoa retains preferential market access under SPARTECA and WTO arrangements. Negotiation is ongoing on the free trade agreements in the region such as The Pacific Island Countries Trade Agreement (PICTA), Pacific Agreement on Closer Economic Relations (PACER), and PACER plus.
- In 2011, the majority of Samoa's development partners agreed to working with the Government on a Joint Policy matrix (JPM) which would be the basis for delivery of performance linked aid. Year 2014 was the third year of the JPM and the assistance provided has helped meet Samoa's budgetary deficits. The Government of Samoa reported that most of the financial support by multilateral financial institutions has been delivered in the form of grants in 2014. It is likely, though, further assistance in the future will be composed of grant and loan, due to the improved economic performance of the country.
- EU continued to support Samoa after its graduation, with an indicative amount of €20 million provided under the 11th European Development Fund, with focus on the water and sanitation sector, within the framework of the National Indicative Programme signed on 2 September 2014 in Samoa.
- Countries in the Pacific region, including Samoa, received assistance and attention increasingly from the emerging donors. India and China both held Pacific summits

in November 2014 in Fiji and commitments were made for additional grants injections and increased concessional financing as well as strategic technical assistance. Chinese assistance to the region has increasingly moved from grants and interest-free loans toward loans with concessional interest rates[113].

4.2.4 Challenges Faced by Maldives

After LDC graduation, The Maldives also experienced slow growth, particularly due to the slow performance of its main export items (fish fillets and frozen fish) to key export destinations (European Union and Japan). Loss of Duty-Free and Quota Free (DFQF) status in the European market created adverse pressure on the Maldivian economy. However, for a smooth transition, UNCTAD's technical assistance to national policy makers helped the country overcome graduation challenges. Some of the challenges faced by the country following the LDC graduation include:

- A shortage of skills, the impossibility of developing significant agriculture, and high transport costs combine to made it difficult to diversify the economy.
- the need to continuously import petroleum products and the pressure to protect consumers from the most severe effects of oil price increases have created a demand for subsidies on utilities, particularly electricity.
- Although the country provided many incentives for investment after the graduation, the range of sectors with foreign investment remains narrow. Except tourism, the incentives failed to attract significant investments in other sectors. The Foreign Services Investment Bureau noted that foreign investments have been made in some other sectors like transport and telecommunications, water production and distribution, and finance but they only account for a small percentage of the total foreign investments.
- The fishing industry, a major sector of the economy did not significant foreign or domestic investment in the last 2 decades.
- Domestic credit to the private sector became highly concentrated in larger firms and in the tourism industry.
- Maldives' export basket has shown relatively more sophistication than that of neighboring countries in recent years, it still shows little diversification. The Maldives' export basket can be characterized as relatively sophisticated but insufficiently diversified[114].

[113] Monitoring of Graduated Countries from the Least Developed Country Category: Samoa, Committee for Development Policy (2015)
[114] Maldives overcoming the challenges of a small island state- country diagnostic study, ADB (2015)

Initiatives and Opportunities of Maldives

- The Maldivian government acknowledged that loss of preferences was a great challenge for the country, however, the government through creating appropriate policies to sustain the export volume managed to sustain the smooth transition. This moderate stability was caused by the initiatives taken by the government and the private sectors. This initiative allowed Maldives to participate in new markets and introduced Maldives' fish as a high-quality product to the world. While Maldives lost preferential market access following its graduation from the LDC status, however, Maldives effectively managed the loss of preferences by increasing its 'productive capacity'[115].
- The strategies that led to the graduation of Maldives from the LDC status were also developing tourism-led growth as the government greatly invested in constructions related to tourism, communication, transport and resort developments. Maldives also revived its fisheries sector. Maldives also proactively used microeconomic policies and strengthened its education and health services.
- Maldives developed a smooth transition strategy identifying key action points for each impact areas identified. For instance, the country drawn policy strategies with a view to mitigate immediate and medium-term impacts.
- The smooth transition strategy developed for the Maldives focused primarily on trade development with a secondary objective of maintaining development financing.
- The country put in place mechanisms to ensure continuity of achievements. For instance, it continued high level of public spending on health & education sectors, introduction of news social protection schemes to address social vulnerabilities.
- It developed short to long-term plans to address structural issues, like National Plans, sectoral plans etc.
- It made a zero-tariff agreement with China for 60% of Maldives' exports.
- The country was very active in engaging the international community in continuing to extend support. It received higher ODA from Japan and the EU. Social infrastructure attacked the largest share of total ODA during the first decade of the new millennium.
- Maldives National (transition) strategies/actions included:
    - Establishing national coordination mechanism;

[115] Gradation from LDC Status: Lessons That Could Be Learned from Best Practices, Sebghatullah Qazi Zada et. all (2019)

- Plan of action for key areas such as trade and investment;
- Ensuring environmental sustainability;
- Cooperation for Facilitation of donors' engagement'
- Strengthening the national trade policy coordination mechanism;
- Building national capacity for trade-related issues;
- Developing a trade information system;
- Technical advice to government on its negotiations with SAARC/WTO.

4.2.5 Challenges Faced by Cabo Verde

Cape/Cabo Verde didn't have a three-year grace period for preferential access, international support measures (ISMs) and other LDC-specific preferences. Cape Verde undertook good planning prior to graduation. Cape Verde experienced a slowdown of economic growth as its growth cut down by more than one-third. LDC graduation threatened the country with following challenges:

- The loss of LDC-related advantages (specifically related to ODA and international market access). Given the dependence on aid, the country's GDP performance was put at risk, which would, ultimately, implied an increase of unemployment and poverty and less social investment as ODA decreased with the country's exit from the LDC list.
- In terms of the trade benefits and special conditions associated with LDC status, these were also lost once Cape Verde graduated. This had a relatively negative consequences on the national export sector. However, the weight of exports in the economy was not significant.
- Cape Verde's graduation signified the loss of eligibility for the European Union's Everything But Arms (EBA) initiative, but did not put at risk the benefits accrued through the United States' African Growth and Opportunity Act (AGOA)[116].

Initiatives and Opportunities of Cabo Verde

- The continued growth achieved by Cabo Verde since its graduation is a result of policy measures taken during the graduating process. For example, the tourism sector saw a range of sectoral and investment policies that attracted productive investment and boosted growth years before it graduated.
- Remittances supplement investment and expenditure in the social sector helped the country overcome some challenges. Its Ministry of Diaspora Affairs focused

[116] Status upgrade: the case of Cape Verde's graduation from the least developed country (LDC) category, Djalita N. Fialho.

on incentivizing remittance inflows through formal channels and seeks to facilitate diaspora investment.

- Since 2007, Cabo Verde managed to increase its bilateral and multilateral ODA flow. Its major bilateral donors were Japan, Luxembourg, the Netherlands, Portugal, Spain and USA. The African Development Bank, European Union, United Nations and the World Bank were the major multilateral partners who helped with consistent ODA.
- In October 2011, Cape Verde applied for benefits under the EU's GSP+, a special incentive arrangement which provides preferential market access to EU markets to countries that commit to effectively implement 27 international Conventions related to human and labour rights, the environment and good governance. In December 2011 the EU confirmed that Cape Verde fulfils the provisions to enjoy preferential access under GSP+. This initiative assisted the country to sustain trade growth[117].
- Cape Verde continued to be part of negotiations for a comprehensive Economic Partnership Agreement (EPA) between the EU and West Africa. This agreement offered much broader trade and development prospects because it extends to areas beyond trade in goods, including tourism and investment.
- Cape Verde undertook good planning prior to graduation. The country successfully negotiated with European Union (EU) for additional two-year grace period for 'Everything But Arms' (EBA) above the original three-year grace period, and some other transition period deals with prominent trade partners like China.

4.2.6 Challenges Faced by Botswana

In the immediate post-graduation era, Botswana saw its growth cut down. Despite a fall in the gross domestic product (GDP) growth rate, Botswana's mining industry boomed in post-graduation era and the government maintained a high current account surplus and high tax revenue earning owing to successful diamond mining industry. The country is closely integrated with the global trade and cyclical factors are determinants of growth. But overall, the economic performance of the country has been good since graduation. Its high concentration of diamonds in merchandise exports, along with the geographical constraints imposed by its small size and landlocked Ness, make the country vulnerable to external shocks however, with proper pre-planning Botswana has experienced substantial economic diversification away from natural resources: household consumption, along with the services sector, have become major contributors to national

[117] Monitoring the progress of graduated countries Cape Verde, CDP

output. The country faced less challenges since LDC graduation since it was successful in laying a stronger foundation for structural transformation and productive capacity[118].

Initiatives and Opportunities of Botswana

- Growth in Botswana was spearheaded by mining (particularly diamond extraction) in the 1970s and 1980s, but the county put efforts on service sector development as services have emerged as a significant sector since the 1990s.
- The country has shifted towards substantial economic diversification away from natural resources. This is an opportunity for the country.
- Botswana partnered with the United States and regional actors to develop and diversify its economy sustainably, inclusively, and equitably, while building resilience and adaptability to environmental and socioeconomic change that benefits all[119].
- The country laid a stronger foundation for structural transformation and productive capacity. Resources shifted from low-productivity primary sectors such as small-scale fishing and agriculture to sectors with higher value added, such as tourism and fish processing.
- This graduated LDC kept the process of structural transformation rolling by directing investment, ODA and FDI towards greater diversification and the social sector.

Botswana prioritized 'soft industrial policies' such as liberalization of trade and investment, creating a business-friendly environment and offering tax-based incentives; and the setting up of special economic zones[120].

[118] Graduation of African Least Developed Countries (LDCs)- Emerging issues in a new development landscape, UNDP (2020)
[119] Integrated Country Strategy, BOTSWANA (2022)
[120] Graduation of African Least Developed Countries (LDCs)- UNDP

Chapter 5: Strategies for Graduating LDCs against the Loss of S&DT Benefit

While graduation does testify to commendable socioeconomic progress made by Bangladesh and other graduating LDCs, one will have to remember that graduation is conditional to meeting any two of three specific criteria (GNI per capita, human asset index and economic vulnerability index) or doubling the income threshold. The scores are based on average numbers and don't consider distributional aspects. Also, the HAI and EVI scores were fixed in 2012 (previously these were moving numbers) making an increasing number of LDCs eligible for graduation. The graduating countries continue to suffer from embedded structural weaknesses manifested in lack of productivity and low productive capacities, low levels of industrialization, weak institutions, weak technological readiness, rising income inequality and uneven nature of growth and climate vulnerabilities.

Besides, these countries are graduating under the long shadow of the pandemic, with its adverse and multidimensional impacts already manifest in various macroeconomic-performance indicators, including poverty, employment, capacity utilization and production and the GDP growth rate, as also in health, nutrition and education overcomes. Hence, the graduating countries need to come up with strategies for sustainable development after graduation.

5.1 Retaining LDC-specific S&DT benefits beyond graduation

5.1.1 Retention of S&DT under Agreement of Agriculture (AoA) of WTO

As per the provisions of the Agreement of Agriculture (AoA), Bangladesh could continue to benefit from some of the flexibilities under the agreement following its graduation from the LDC status if it can be included in the WTO list of Net Food-Importing Developing Countries (NFIDCs) after graduation till 2030. As the Committee on Agriculture maintains the list of WTO NFIDCs, Bangladesh being a net importer of basic foodstuffs can request to be included in the WTO NFIDC list as per the agreed procedure.[121] One precedent for such a situation is Maldives, which upon graduation was included in the WTO NFIDC List in 2011 based on their request to the Committee on Agriculture.

[121] WTO list of NFIDCs: G/AG/5/Rev.10 (last updated 2012).

5.1.2 Retention of S&DT under Agreement on Subsidies and Countervailing Measures

As discussed in Chapter 2, according to the SCM Agreement, LDCs and developing country members listed in Annex VII (b) are exempt from the prohibition of export subsidies for non-agricultural products. The developing countries are exempted until their GNI per capita reaches US$1,000 in constant 1990 dollars. Given the current provisions, it is not clear if a graduating LDCs (with per capita income less than $1,000 in 1990 prices) will be automatically considered as a member of Annex VII country group. Bangladesh has already raised the issue in WTO for clarification and a further extension as Annex VII developing country after graduation. It needs to be pointed out that given the current growth trajectory, Bangladesh will cross the per capita income threshold of $1,000 in 1990 prices by the time it graduates out in 2026. Therefore, automatic consideration of graduating LDCs as Annex VII countries may not provide any benefits for Bangladesh. Another issue is that, according to paragraph 27.8 of SCM agreement, serious prejudice falls under S&DT exemption. Therefore, these Annex VII member countries can still face repercussions for violating SCMs under serious prejudice. While no developed or developing country has ever acted against any LDC based on this particular ground, that favourable consideration is likely to change with a country's graduation. Therefore, Bangladesh will have to carefully consider its export support policy options in the post- graduation period. It is to be noted, many countries provide different subsidies and may not inform the WTO regularly. After LDC graduation, if subsidies are not eliminated, other WTO members could take action against Bangladesh under Article 4 of Subsidies and Countervailing Measures (SCM) of the WTO and ask for the withdrawal of the subsidy. So incentives alternatives to export subsidies should be explored.

5.1.3 Retention of S&DT under TRIPS Agreement of WTO

As discussed in Chapter 2, the TRIPS Agreement have exempted LDCs from applying the provisions of the Agreement and fulfilling certain notification requirement associated with the agreement. Bangladesh, after graduation, will have to comply with all the rules that it has been exempted from as an LDC. As the TRIPs waiver has been most beneficial for Bangladesh, after the termination of the TRIPs waiver, there might be some negative shocks on the pharmaceutical sector which might exacerbate export in the sector. One way out for this might be to engage bilaterally with developed country members granting similar. [122]

[122] WTO 2022, Trade impacts of LDC graduation

5.2 Retention of DFQF preferences: Negotiation with Trading Partners to get Transition Period

As Bangladesh is set to be graduated from the Least Developed Country (LDC) category by 2026, developing strategy for continuing the preferential market access after graduation is a key task for the country's policy makers. The government has already started to work in this regard along with developing strategy for retaining existing level of market access in the countries currently providing Duty-Free Quota-Free (DFQF) market access to Bangladesh as LDCs. It is to be noted that the EU has already offered the LDCs extension of preferential market access under EBA (everything but arms) arrangement for three years following the graduation from the group. Other countries can offer similar extension as part of support towards sustainable graduation. Hence, there is also the need to identify potential Free Trade Agreement (FTA) partner countries and develop strategy for engaging those countries in FTA negotiations.

In terms of loss of preference margins, the most relevant developed market for the graduating Bangladesh is the European Union (EU), and to some extent Canada and Japan. In these markets, most of our exports enter duty free. Around two-thirds of Bangladesh's exports (mainly clothing) are destined for these markets.

Bangladesh's exports are concentrated mainly in the EU and North America. This direction of exports, to a large extent, determines the market access scenario following graduation.

Bangladesh will have to face the challenging task of exporting on MFN tariff after the graduation in 2026, as unilateral Generalized System of Preference (GSP) schemes will be terminated immediately except for EU which will be extended for three more years under the present terms. Bangladesh would lose access to duty free quota free (DFQF) arrangements for LDCs and to simplified rules of origin reserved for LDCs, with especially important impacts on the garments in. In its main market, the European Union (EU), Bangladesh would remain eligible for duty-free quota free market access under the

Average tariff increases for Bangladesh after graduation would be 8.90 per cent which is the highest among LDCs. The graduation will have a big impact on the exports of Bangladesh, which is estimated to see decline by 14 per cent. However, for its major export products, which is ready made garments, the MFN tariff rates will be 9.6%, if the present tariff rates in the EU continues.

No important impacts are expected in the United States market, since Bangladesh s most important products are not covered by the LDC-specific preference scheme. Bangladesh has been suspended from the GSP scheme (including preferential tariffs for LDCs) since 2013 due to labour safety issues.

Graduation will also create challenge to Bangladesh as most of clothing sector is not in India's tariff liberalization schedule for non-LDC members of South Asia Free Trade Area (SAFTA). Thus, Bangladesh will have to export to India under the applied rate of duties.

Regarding clothing exports to the EU, LDC firms are only required to undertake a "single stage transformation" from fabric to clothing under the Everything But Arms (EBA) scheme, while a "double stage transformation" from fibres to fabric to clothing would be required under the standard GSP.

Under the SAFTA rules of origin, LDC participants are allowed up to 70 per cent of non-originating material, compared to 60 per cent for non-LDC parties. Graduation from LDC status would therefore not allow graduating LDCs to avail of such liberal treatment.

Graduation will also mean losing LDC preferences in Asia Pacific Trade Agreement (APTA) markets such as China and Republic of Korea to certain extent as the items on which preferences will be available will be reduced, the margin of preference will also be reduced, and Bangladesh will have to comply with a higher value addition (45 per cent instead of 35 per cent for LDCs).

Under APTA fourth round negotiations, Sri Lanka, a non-LDC, was allowed greater flexibility (to commit lower levels of commitment in tariff liberalisation) than other non-LDC members.

China still maintains LDC ISM measures in favor of Samoa which was graduated out from the UN list of LDCs in 2014. Bangladesh should also ask for similar concessions.

In the light of paragraphs 16, 17 and 18 of the UN General Assembly Resolution adopted on 21 December 2012 on smooth transition for countries graduating from the list of least developed countries (A/RES/67/221) Bangladesh may urge UN Committee for Development Policy (CDP) to extend the timeline for graduation from LDC status to nine years, as suggested by the United States (US), and continuation of ISMs for further three years from the time of graduation from the LDC category taking into account the respective implementation of STS for each graduating LDC and phasing out the ISM in next three years after that.

The support measures available under WTO and unilaterally extended by its members to LDCs should be continued for a period of three years and will be phased out during next three years after the entry into force of a decision of the UN General Assembly to exclude the member from the LDC category. This is necessary in order to ensure that graduation does not cause abrupt disruption in the LDCs trade in goods and services.

In this connection, Bangladesh should take up a proactive action plan to negotiate with the trading partners under DFQF and GSP Schemes and in other preferential agreements for extension of all support measures.

Bangladesh should also negotiate for the extension of LDC treatment under SAFTA in the light of Article 12 of SAFTA which provides for a "Special Provision for Maldives" by granting LDC terms of trade even after graduation.

Bangladesh should also take up joint action plan for harmonization of mutual trade rules, regulatory measures and streamline bilateral institutional cooperation in the respective fields including the central banks, customs authorities, quality and standards bodies and other. The country also needs to actively engage with the trading partners to ensure harmonization of Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary (SPS) measures and signing of Mutual Recognition Agreement (MRA) to streamline flow of traded goods and services so that certificates on technical regulations and standards issued by the respective accredited national bodies are accepted on basis of MRA. These are necessary to avail the market access.

Bangladesh has kept open its Public Procurements for foreign participation on MFN basis. It is time to ask for reciprocal treatment from the trading partner countries. Moreover, the country needs to take up a proactive joint action plan with the trading partners for respective customs cooperation agreement to facilitate mutual trade as envisaged in the WTO Trade Facilitation Agreement and WCO protocols and annexes including gradual harmonization of customs documentation and clearance procedure.

5.3 Examining the Possibilities to Introduce Special S&DTs/ ISMs for Graduating LDCs

Graduating LDCs will need support to strengthen and complement their own efforts. In view of this, these LDCs are asking for a new set of ISMs to help make graduation sustainable. Some of the elements of this are as follows: (a) Extend S&DTs in the WTO for a time-bound period, as was noted above, in connection with the LDC submission to the WTO General Council (b) Extension of market-access preferences offered under GSP schemes on bilateral basis (EU, India, China, Japan, USA, Canada and others) or as part of regional agreements (e.g. India in SAFTA), (c) Design a Debt Relief Initiative for graduating LDCs to incentivize graduation and release funds to undertake activities in support of sustainable graduation (d) Put in place a Graduation Support Fund (e) Support the proposal floated to provide preferential access to the extent of Domestic Value Addition in exports of graduated LDCs.

There has been little progress in developing "new support measures" or "incentives" – beyond the existing International Support Measures (ISMs) – tailored specifically to help graduating LDCs with the transition period, or to encourage graduation.

One of the main reasons for this is that the potential category of "new support measures" or "incentives" is very broad. Donor countries could provide more finance and continue to ensure more is in the form of grants rather than loans, and the interest rates for loans is as low as possible. Both developed and developing countries can finance industries in LDCs and transport infrastructure that better connects them to global markets. They can provide more finance to help LDCs adapt to climate change and better manage their disaster risk and can consider new approaches that would make these funds easier to access. They can help LDCs access disaster insurance and other instruments aimed at managing risk such as catastrophe bonds and GDP-indexed bonds. Different, sometimes complex mixtures of public and private finance (e.g., blended finance) can be developed; blended finance is concentrated in sectors with high economic returns and so far has largely bypassed LDCs. LDCs themselves can take measures aimed at improving the business climate to attract more private sector investment, improving efficiency of their tax administration, improve their productive capacity – essentially become more developed – and international development partners can provide capacity development assistance with all of the above. The issue of financing will be discussed in details at an Expert Group Meeting on financing for graduating countries led by the Office of the Secretary General, 11-12 November 2019, New York.

New support measures could even be developed by and for individuals – by supporting tourism to and products from LDCs, or by governments providing direct cash transfers. Many potential options exist, and just as for the existing ISMs, it can be difficult to analyze which constitute a targeted response to the underlying constraints and vulnerabilities each country faces and which should better be offered to all developing countries. For instance, scaled up support to address climate change and disasters is of particular value to graduating LDCs that are Small Island Developing States (SIDS); at the same time, it can be of particular value to all SIDS.

5.4 WTO Ministerial Conference (MC12) Outcome with Respect to Graduating LDCs

The Twelfth Ministerial Conference of the World Trade Organization (WTO-MC12), held in Geneva during June 12-17, 2022, proved to be a litmus test as to what extent the global community was ready to extend support to these graduating LDCs, towards their sustainable graduation. LDCs, which are slated for graduation over the next few years, have argued that they were graduating under the long shadow of the pandemic, that in spite of their commendable economic achievements their economies continue to suffer from embedded structural weakness and that a number of earlier initiatives in the WTO in support of the LDCs are yet to be implemented. In this backdrop, LDCs had put forward a proposal for extension of LDC-specific support measures to be enjoyed by the graduated LDCs, for a time-bound period. LDCs have also argued in favour of a new set of ISMs which include, along with the call for the aforesaid extension, debt relief initiative and reflection of concerns of graduating LDCs in the built-in and ongoing negotiations in the WTO. Being a recognised member of the group of the LDCs in the WTO, Bangladesh has played a key role in articulating the demands of the graduating LDCs. In the MC 12 declaration, the WTO members also agreed to extend the trade benefit to the LDCs and graduating LDCs, although it was not specified yet how long and how the benefit would be delivered to the benefiting countries.

Some of the proposals regarding LDCs presented in the MC-12 are[123]:

- To 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 should be.

[123] WTO MC 12 Documents, available at-
https://www.wto.org/english/thewto_e/minist_e/mc12_e/documents_e.htm

- To facilitate the conclusion of ongoing accessions, especially for least-developed countries fully in line with the General Council Guidelines on LDC Accessions, and to provide technical assistance, where appropriate, including in the post-accession phase.
- On implementation of preferential treatment in favour of services and service suppliers of least-developed countries and increasing LDC participation in services trade, and instructed the Council for Trade in Services to review and promote the operationalization of the waiver including to explore improvements in LDC services export data; to review information on LDC services suppliers and consumers of LDC services in preference providing Member markets; and to assess best practices in facilitating the use of the preferences.
- To assist the LDCs in meeting their definitive category C deadlines.
- Aid for Trade initiatives in trade-related capacity building for the LDCs type programmes should prioritise the objectives identified by the LDCs.
- the Trade Facilitation Committee should hold a Dedicated Session on transit issues annually until the next review of the Trade Facilitation Agreement is completed. These dedicated sessions will highlight the importance of transit and reserve time for the Committee to discuss best practices, as well as the constraints and challenges faced by all landlocked WTO Members, including landlocked developing countries and LDCs as outlined in G/TFA/W/53.
- For a period of 2 years from the date of entry into force of the fishery subsidy agreement proposed in MC 12, subsidies granted or maintained by developing country Members, including least-developed country (LDC) Members, up to and within the exclusive economic zone (EEZ) shall be exempt from actions based on Articles 3.1 and 10 of the Agreement.
- Agreement on fisheries subsidies also proposed specific provisions for LDC members that dictates- "A Member shall exercise due restraint in raising matters involving an LDC Member and solutions explored shall take into consideration the specific situation of the LDC Member involved, if any." The same agreement also prescribed that targeted technical assistance and capacity building assistance to developing country Members, including LDC Members, shall be provided for the purpose of implementation of the disciplines under this Agreement. In support of this assistance, a voluntary WTO funding mechanism shall be established in cooperation with relevant international organizations such as the Food and Agriculture Organization of the United Nations (FAO) and International Fund for Agricultural Development. The contributions of WTO Members to the mechanism

shall be exclusively on a voluntary basis and shall not utilize regular budget resources[124].

- the Ministerial Conference envisioned that the SPS Committee should explore how the implementation and application of the SPS Agreement can support to increase participation of and support for the special needs of developing and least developed country Members in the development and application of SPS measures; and in particular, to increase awareness of and sensitivity to the impacts of SPS measures on the export possibilities of such Members.
- A dedicated work programme in the Committee on Agriculture was proposed to examine how the Marrakesh Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries could be made more effective and operational pursuant to Article 16 of the Agreement on Agriculture and to consider concerns raised by Members in their current and future submissions. The work programme shall consider the needs of LDCs and NFIDCs to increase their resilience in responding to acute food instability including by considering the best possible use of flexibilities to bolster their agricultural production and enhance their domestic food security as needed in an emergency.
- Emphasized was given on providing technical and financial assistance to LDCs and NFIDCs, including through international and regional financial institutions, with a view to improving their agricultural productive capacity, infrastructure and access to agricultural inputs.
- About TRPIS benefits, it was mentioned that "An eligible member may apply the provisions of this Decision until 5 years from the date of this decision. The general council may extend such a period taking into consideration the exceptional circumstances of the Covid-19 pandemic" The TRIPs waiver facility of Bangladesh was supposed to come to an end with the LDC graduation in 2026 but the waiver benefit is brightened further from the declaration. Because of the adoption of this clause, Bangladesh has the opportunity to enjoy the LDC trade benefit even after graduation to a developing country in 2026 although further negotiation is required, as the declaration does not specify yet but the paragraph of the benefit is included in the declaration.

[124] WTO Agreement on Fisheries Subsidies (MC12), available at-
https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN22/33.pdf&Open=True

5.5 Availing GSP+ like Facilities for new Market Access

The GSP Regulation is a unilateral trade tool that removes or reduces import duties from products coming into the EU from vulnerable low-income countries, supporting poverty eradication, sustainable development, and their participation in the global economy. The Commission's proposal makes the EU's GSP more focused on reducing poverty and increasing export opportunities for low-income countries. It aims to incentivize sustainable economic growth in low-income countries and offers new room for engagement on environmental and good governance issues.

In September 2021, the EU unveiled its newly proposed GSP for the period 2024-2034. Understanding various provisions of the proposed system is critical to assess preferential market access opportunities for different export products in the post LDC period. The new GSP framework for the period 2024-2034 has several features to make sure trade preferences go to countries that need them the most and to support their sustainable development. The new proposal further improves the current scheme by:

- Ensuring a smooth transition for all countries set to graduate from Least Developed Country (LDC) status in the next decade. They will be able to apply for the special incentive arrangement for sustainable development and good governance (GSP+) if they commit to strong sustainability standards and can thus retain generous tariff preferences to access to the EU market;
- Maximizing the opportunities for low-income countries to benefit from the GSP by lowering product graduation thresholds (that is, the temporary suspension of tariff preferences for highly competitive products) by ten percentage points so that the large industrialized producers leave more space in sectors where they are very competitive;
- Expanding the list of international conventions that need to be complied with by adding two additional human rights instruments on the rights of people with disabilities and the rights of the child, two labour rights conventions on labour inspections and tripartite dialogue, and one governance convention on transnational organised crime;
- Setting up a well-defined framework for the current GSP+ beneficiaries to adapt to the new requirements, offering an adequate transition period and requiring the presentation of implementation plans.
- Introduces the possibility to withdraw GSP benefits for serious and systematic violations of the principles of the conventions on climate change and environmental protection;

- Extends the list of international conventions that GSP+ countries must ratify beyond the current seven environmental and climate instruments, now including the Paris Agreement.

The EU offers three GSP arrangements which are:

- EBA (Everything But Arms) for least developed countries which benefit from duty-free, quota-free access to the EU market for all products except arms and ammunition;
- Standard GSP for low and lower-middle-income countries which are granted a partial or full removal of customs duties on two-thirds of tariff lines;
- GSP+, the special incentive arrangement for sustainable development and good governance which slashes tariffs to 0% for the same tariff lines as in the case of Standard GSP. The vulnerable low and lower-middle-income countries that implement 27 international conventions (32 in the new proposal), related to human rights, labour rights, protection of the environment and climate and good governance, benefit from this arrangement.

Everything but Arms initiative by EU

The EU's Generalized Scheme of Preferences (GSP) was first introduced in 1971, with the EU playing a leading role in establishing a policy of unilateral trade preferences for poverty reduction and development that has since been mirrored by most industrialized economies. Over time, the GSP has emerged as a core pillar of the EU's commitment to the role of trade in sustainable development. The modern GSP categorizes three tiers of tariff preferences and commitments based on a beneficiary country's level of development. Under the general GSP arrangement, eligible beneficiaries receive duty reductions on 66% of tariff lines imported into the EU. The second arrangement, GSP+, provides the incentive for developing countries to benefit from zero duties on 66% of tariff lines contingent on implementation of core human rights, labour, governance, and other sustainable development conventions. Finally, the Everything but Arms (EBA) arrangement provides duty free access for imports from Least Developed Countries (LDCs), except weapons[125].

Special arrangement for least developed countries: Everything but Arms initiative

The EBA initiative is a permanent arrangement and is not affected by the changes introduced in the current GSP scheme of the European Union. The 48 LDCs continue to benefit from EBA as of 2019. EBA beneficiaries (48) are – Afghanistan, Angola,

[125] EU, GSP Hub retrieved from https://gsphub.eu/about-gsp

Bangladesh, Benin, Bhutan, Burkina Faso,Burundi, Cambodia, the Central African Republic, Chad, Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau,Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, the Solomon Islands, Somalia, South Sudan, the Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen, and Zambia[126].

The EBA initiative covers all agricultural products, including sensitive products such as beef and other meat; dairy products; fruit and vegetables; processed fruit and vegetables; maize and other cereals; starch; oils; processed sugar products; cocoa products; pasta; and alcoholic beverages. For most of these products, the pre-EBA GSP scheme provided a percentage reduction of most-favoured-nation rates, which would apply solely to the ad valorem duties, thus making the specific duties still applicable in full.

Taking into account that products covered by the Common Agricultural Policy still face customs duties under the Cotonou Agreement, the EBA initiative made the GSP of the European Union a more favourable scheme for LDCs in terms of tariff treatment and product coverage than the preferential trade arrangements available under the Agreement. The possibility of cumulation under the GSP rules of origin of the European Union is, however, very much limited, while the Cotonou Agreement allows full cumulation with partners from African, Caribbean and Pacific (ACP) States. On the one hand, if an ACP State desires to take advantage of the EBA duty- and quota-free treatment, it will have to do so as a GSP beneficiary and will thus lose the opportunity for full cumulation with its ACP partners. On the other hand, if an LDC that is an ACP State wants to take advantage of the more favourable Cotonou cumulation system, it will be subject to the customs duties and quantitative limitations specified under the Cotonou Agreement, where applicable. Similarly, LDCs must be aware that, since the EBA initiative is an integral part of the GSP scheme of the European Union, such duty- and quota-free treatment is subject to the procedural rules of that scheme, such as the unilateral and unbound character of the GSP, the possibility of the temporary withdrawal of the preferences and its rules of origin. A beneficiary country should graduate from the EBA initiative when it is excluded from the United Nations list of LDCs. The Commission reviews the eligibility of countries continuously. It is the Commission, however, that will decide on the removal of the country from the EBA and the establishment of a three year transitional period.[127]

[126] HANDBOOK ON THE SCHEME OF THE EUROPEAN UNION, Geneva 2022.
[127] 127 HANDBOOK ON THE SCHEME OF THE EUROPEAN UNION, Geneva 2022.

Table 35 Everything but Arms initiative: Summary

	Before the initiative	**Since the initiative (from March 2001)**
Product coverage	• All GSP-covered products • Additional list of products for LDCs only • Certain sensitive agricultural products are excluded	• All products but arms (HS chapter 93)
Depth of tariff cut	• Duty-free treatment of all GSP-covered products • For the additional list of products, different tariff cuts are available according to the import sensitivity of products (four product categories) • No preferences on the specific component of most-favoured-nation duties, entry price, agricultural component or other duties	Duty-free treatment for all products
Rules of origin	• Regulation (EC) No. 02/200016	• Commission Implementing Regulation (EU) 2015/2447

Sources: HANDBOOK ON THE SCHEME OF THE EUROPEAN UNION, Geneva 2022.

In case of duty reduction, this arrangement allows duty-free and quota-free access for all products (around 7,200), originating in LDC's, except for arms and ammunition. EBA scheme is different from Standard GSP and GSP+, LDC's are not excluded from the scheme if they benefit from other preferential arrangements and a graduation mechanism for individual products does not apply. LDC's leave the arrangement when they lose their status as 'Least Developed Country' as defined by the United Nations, but only after a three year transition period.[128]

As Bangladesh is set to leave the group of the least developed countries (LDCs) in 2026, the most important change that it is going to face will be associated with preferential market access for exporters. Within the set of LDC-related privileges, Bangladesh has immensely benefited from unilateral trade preferences granted by various countries

[128] EU, GSP Hub retrieved from https://gsphub.eu/about-gsp

under their respective Generalised System of Preferences (GSP). Of these, none was more instrumental in making Bangladesh an LDC export success story than the EU GSP scheme. More than 90 per cent of Bangladesh's exports to the EU comprise textile and clothing items and almost all of it has benefited from EU GSP preferences. As a result, Bangladesh managed to steadily expand its apparel market share in the EU.[129] However, the current EU GSP regime will expire in 2023 and will be replaced a new one from the beginning of 2024.

One major implication arising from the newly proposed EU GSP scheme 2024- 34 is that Bangladesh, after its LDC graduation, is most likely to qualify for GSP+, which would not be possible for under the existing rules. While this is a welcome development, accessing GSP+, however, will not enable Bangladesh's apparel exporters to continue with duty-free market access.

Graduating LDCs can apply for the second-best preferential regime, GSP+, which grants duty-free access to 66 per cent of EU tariff lines and is of interest to Bangladesh after its LDC graduation. The new proposals have made certain changes to the eligibility criteria for this scheme. According to the existing regulations, a potential GSP+ beneficiary country must satisfy two broad criteria of vulnerability and sustainable development. The vulnerability criterion listed two specific preconditions: (i) the import share criterion would require a beneficiary country's share of GSP-covered import must remain below 7.4 per cent of GSP-covered imports of all GSP countries; and (ii) the diversification criterion, which stipulated that the seven largest sections of GSP-covered imports constituted at least 75 per cent of imports from the beneficiary country. Finally, the sustainable development criterion would require the applicant country to have ratified and effectively implemented 27 international conventions on labour rights, human rights, environmental protection, and good governance.

- The newly proposed GSP scheme removes the import-share condition from the GSP+ vulnerability criterion to ensure a smoother transition and continued access to GSP+ status as countries graduate from their LDC status.
- The new proposals also update the sustainable development criterion by expanding the list of international conventions to 32 (from the current list of 27). The new international conventions and agreements added to the GSP list include, the Paris Agreement on climate change 2015 (replacing the Kyoto Protocol); the Convention on the Rights of Persons with Disabilities (CRPD); the Optional Protocol to the Convention on the Rights of the Child on the Involvement of

[129] Mohammad Abdur Razzaque (2021) The proposed EU GSP Scheme for 2024-34: What Bangladesh Must Do Now, Bangladesh Trade Policy and Negotiation Capacity Building Support Project Phase I

Children in Armed Conflict (OP-CRC-AC); ILO Convention No 81 on Labour Inspection; ILO Convention No 144 on Tripartite Consultation; and the UN Convention against Transnational Organized Crime.[130]

Bangladesh fulfills the diversification criterion as more than 90 per cent of Bangladesh's exports to the EU in woven and knit garments comprise just one section of GSP-covered imports. It is likely to qualify for the sustainable development criterion by the time of its graduation given that Bangladesh has already ratified all but one of the conventions specified.2 The removal of the import share criterion is welcome news for Bangladesh as it has a much higher share, which would have made it ineligible for GSP+.

Table 36 Eligibility Criteria in the Previous and New GSP Proposal

Preference scheme	**Eligibility criteria in the current regulation, 2013- 23**	**Eligibility criteria in the new proposal, 2024-34**	**Product graduation and safeguard mechanism in the new proposal, 2024-34**	**Non-sensitive goods**	**Sensitive goods**	**Rules of origin (important provisions only)**
GSP+	Two criteria to meet: a) Vulnerability (for export diversification, and import volumes) b) Sustainability – beneficiary countries to ratify the 27 international conventions.	The new proposals remove the import share criterion but increased the number of international conventions for sustainability criterion to 32. a) Vulnerability (for export diversification) b) Sustainability – beneficiary	Product graduation is not applicable. However, according to article 29, automatic safeguard applies for textile, agriculture and fisheries if the share for the relevant products	Duty suspension for around 66% of all EU tariff lines.	Duty suspension	Double transformation for textile and clothing items. For all other products, a minimum local value-added of 50%.

[130] Commission proposes new EU Generalised Scheme of Preferences to promote sustainable development in low-income countries, available at-https://policy.trade.ec.europa.eu/news/commission-proposes-new-eu-generalised-scheme-preferences-promote-sustainable-development-low-income-2021-09-22_en

Preference scheme	Eligibility criteria in the current regulation, 2013- 23	Eligibility criteria in the new proposal, 2024-34	Product graduation and safeguard mechanism in the new proposal, 2024-34	Non-sensitive goods	Sensitive goods	Rules of origin (important provisions only)
		countries to ratify the 32 international conventions	not exceeding 6% of total Union imports of the same products and exceed the product graduation threshold.			

Some key takeaways for Bangladesh from the newly proposed GSP for the period 2024-2034 are:

- Bangladesh will graduate form the group of LDCs in 2026 and will continue to benefit from the EBA until 2029.
- Graduating LDCs can apply for GSP+ preferences subject to the fulfilment of two broad eligibility conditions, specified as the vulnerability and sustainable development criteria.
- The sustainable development criterion under the new proposal requires the exporting country to have ratified and effectively implemented 32 international conventions (increased from 27 under the existing GSP regulations) on labour rights, human rights, environmental protection and good governance.
- Under the proposed GSP provisions, Bangladesh is likely to qualify for GSP+. However, the new proposal maintains safeguard mechanisms in textile, agriculture and fisheries sectors (Section II, Article 29), which, if remain unchanged, will not make it possible for Bangladesh's apparel exporters to continue with duty free market access.
- The new proposal has reduced the threshold for product graduation for apparels from 47 per cent of total GSP covered imports under the current regulation to 37 per cent. Bangladesh's current share in EU GSP-covered import in the relevant

product group is almost 50 per cent. Thus, under the proposed regulation, Bangladesh's apparel exporters will not receive any duty-benefits.

- Accessing GSP+ or Standard GSP would require fulfilling more stringent rules of origin (RoO) provisions. RoO provisions for clothing items change from single to double transformation (i.e., domestically produced fabrics will be needed in garment making), while a minimum local value-added of 50 per cent for all other products will be a precondition for access GSP benefits.
- If apparel exporters would not be receiving any duty benefits, complying with RoO for the sector will not be needed. But such requirements for other export sectors would result in the need for increasing domestic value added significantly. This can further constrain the already weak export supply response.
- To summarise, as per the proposed EU GSP rules, Bangladesh, after its LDC graduation, is most likely to qualify for GSP+. However, this will not enable Bangladesh's apparel exporters to continuing with duty free market access.

Bangladesh may look for GSP+ like facilities from markets other that EU. For this, the country may go for bilateral or multilateral FTA signing with potential trade partners. As per the feedback from validation workshop, Bangladesh has ratified all 32 of the GSP conventions, albeit there are some concerns regarding few conventions such as equal rights of inheritance for both males and females which is not possible to be ratified in Bangladesh being a Muslim Country.

5.6 UK DCTS Scheme

The United Kingdom (UK) has introduced its preferential trading scheme for developing countries, called the Developing Countries Trading Scheme (DCTS), marking its departure from the EU's Generalized System of Preference (GSP). The DCTS could be a game changer for maintaining export competitiveness in apparel items and promoting non-apparel items for export diversification. The DCTS offers significant improvements over those offered under the previous UK system and the EU GSP scheme that can benefit Bangladesh. These include:[131]

Under the new scheme, Bangladesh as an LDC enjoys duty-free market access through the DCTS Comprehensive Preferences. After its LDC graduation in November 2026,

[131] RAPID, March 2023, Policy Brief on Expanding and diversifying exports to the UK under the Developing Countries Trading Scheme

Bangladesh will continue to enjoy the same LDC benefit for another 3 years (until November 2029).

As an LDC, Bangladesh also stands to benefit from more generous UK Rules of Origin (RoO) requirements. The minimum valueadded requirement for LDC non-garment products has been reduced to 25 per cent from 30 per cent under the previous GSP.

LDC textile and clothing exports to the UK will continue to benefit from the single-stage transformation.

The UK DCTS offers relaxed and liberal product-specific rules and extended cumulation facilities, allowing inputs to be imported from 95 countries and yet the LDC manufacturers of final products being eligible for duty-free exports.

After LDC graduation, Bangladesh will benefit from DCTS Enhanced Preferences, with most of its exports continuing to enjoy duty-free market access in the UK.

The DCTS removes the requirement for countries to ratify and implement certain international conventions as a precondition for trade preference. It also abolishes the safeguard measures on certain sectors under the previous regime and has scrapped the provision of product graduation events if some products of beneficiary countries enjoy a high market share.

After LDC graduation and an additional three-year transition period, Bangladesh will get duty-free benefits in more than 85 per cent of its UK-bound product lines under DCTS Enhanced Preferences.

However, RoO requirements for Enhanced Preferences will be similar to the previous GSP regime (i.e., 50 per cent value addition for most non-textile products and a doublestage transformation for apparel items).

The UK has specified more liberal productspecific rules (PSRs) only for LDCs. Almost all Chapters have alternative PSRs.

5.7 Identifying Potential FTA Partner Countries and Developing Strategy for Engaging those Countries in FTA Negotiations:

Identifying potential FTA partner countries and developing strategy for engaging those countries in FTA negotiations:

Taking into account the trends and practices of our competing exporting countries like India, Pakistan, Sri-Lanka, Vietnam, Cambodia, China, Korea, Malaysia, Philippines, Indonesia and others Bangladesh has no other option but to ensure predictable and sustainable destinations of its exports in goods and services within the period 2021-2026 by entering into comprehensive free trade agreements in goods and services with potential countries and regional blocks.

5.7.1 Potential Countries for Signing FTA[132]

India

Second largest trading partner: India, the 2nd largest trading partner of Bangladesh, is considered potential in terms of trade in goods, trade in services, investment and creating regional value chain. A Feasibility study on Comprehensive Economic Partnership Agreement (CEPA) with India has been conducted. The study concluded that the estimates and analysis of this study indicate that the proposed CEPA between India and Bangladesh is not only feasible but also mutually beneficial in terms of possible gains in the realms of Trade in Goods, Trade in Services and Investment.[133]

Potential benefits of Trade in Goods: The Feasibility Study suggests that there exists an export potential for Bangladesh, ranging from USD 3 billion to USD 5 billion due to a possible Trade Agreement. This export potential in addition to existing exports could be achieved by Bangladesh in a time span of 7-10 years.

Potentials for Service Export: Using Michaely's Specialization (MS) Index, the study identified some potential Sectors for Bangladesh's service export to India, which includes Professional services, IT/ITeS services, Construction and related services, Financial services and Communication services. During the consultation of the study, Bangladeshi exporters expressed that there is a chance that Bangladeshi service provides may be crowded out by Indian counterparts. However, it has been highlighted that within the realm of Trade in Services, Indians working in Bangladesh could share their experiences to develop the human capital in Bangladesh.

Potential Source of Investment: India invested USD 505 million in Bangladesh between 2014-15 and 2018-2019, indicating that the FDI flows between Bangladesh and India are unidirectional, not bidirectional. As per the inputs from the workshop and a survey conducted with the participation of the relevant stakeholders, the sectors identified as the

[132] Identification of Potential Countries for Signing Free Trade Agreements under Conducting 03 Studies Suggested by NTTFC in FY 2020-21, BFTI study for BRCP Study

[133] Joint Feasibility Study on CEPA between Bangladesh and India, 2022

highest potential for generating Indian investment in Bangladesh include Food, Pharmaceuticals, Leather and Leather Products, Agro-based Industries and farm machinery plants, Textile and Apparel Sector, Ceramics , Light Engineering and Electronics, Automobiles, Energy and power, Tourism, Healthcare, ICT Sector, Banking and Financial Services and Telecommunications. Regional proximity and long-standing positive political understanding were also considered to select the country.

Addressing Non-Tariff Barriers: For any success of the FTA, it would be essential to address non-tariff barriers. Thus, there is a need for regulatory support and cooperation between India and Bangladesh, which the FTA/CEPA could give due consideration to.

China

Largest trading partner: China is considered because it is the largest trading partner of Bangladesh and constitutes nearly 17 percent of total trade of Bangladesh. The country is also the largest import source of Bangladesh constituting 25.3 percent of total import of Bangladesh.

Opportunity for expanding market: The country is currently the largest economy in the world and contributing 18.8 percent of the world's GDP based on purchasing power parity (PPP) according to estimates from the IMF's World Economic Outlook 2022. The country also constitutes 15 percent of world export and import.[134] Since 2021, China has provided Bangladesh duty-free market access in almost 98 per cent of tariff lines. Nonetheless, Bangladesh's share in total Chinese goods import is a minuscule 0.04 per cent. Raising this share to just 1 per cent could lead to $27 billion worth of additional exports for Bangladesh.[135] So Bangladesh can emphasize on the potential opportunity for expanding export market and entering into global supply chain.

Potential Source of Investment: In addition, FTA with China not only address the trade and business growth but also enhance investment, tourism, education and so on. China was the 2nd highest FDI sourcing country of Bangladesh after United States in the year 2021 amounting US$407.88 million net FDI inflow which is 14.1% of total FDI in this year. China has been investing in Bangladesh mostly in power, textile and apparel, construction, leather and leather goods sector.

[134] https://unctad.org/news/china-rise-trade-titan

[135] MA Razzaque (2022), 'Making the Most of Market Access in China: What Needs to be Done?'

Potentials for Service Export: Besides, China is leading in the area of science and technology and it imports annually worth around $2.7 trillion which can be a potential market for Bangladesh.

Bangladesh government is discussing a Free Trade Agreement (FTA) with China to boost exports to its massive market. However, joining the Regional Comprehensive Economic Partnership (RCEP) can be an alternative to an FTA with China as RCEP, being the largest trade block, can help Bangladesh promote export and welfare by trade and investment facilitation.

United Kingdom

Expanding export market: Existing export volume, a large number of Bangladeshi diaspora was the key aspects while choosing UK as the potential country. United Kingdom is the 3rd largest export destination of Bangladesh contributing 9.3% of total export of Bangladesh.

Potential source of FDI: Besides, the UK provides a considerable amount of foreign direct investment (FDI) for Bangladesh as more than 200 British companies currently have around $2.5 billion invested in the country. In this regard, to increase the export oriented investment in Bangladesh, opportunity for more investment from United Kingdom can be assessed through FTA.

Destination for Bangladeshi diaspora: More than seven lakh Bangladeshis now reside in the UK for education or business-related purposes if not as naturalised citizens. Since the Bangladeshi population in the UK is quite large, the demand for local food items like rice, fruits and fish has risen there.

Hub for Bangladeshi shipments to Europe: Aside from being a major export destination, the UK acts as a hub for Bangladeshi shipments to other parts of Europe. Similar to other products, the UK could act as a bridge for Bangladeshi pharmaceuticals to reach other European countries as the country's Medicines and Healthcare products Regulatory Agency (MHRA) is well recognised in the region. If Bangladesh's pharmaceuticals companies are registered with the MHRA, it will take Bangladesh's drug manufacturing sector to new heights.

Sustaining opportunity for preferential trade: UK is currently providing GSP to Bangladesh as a LDC country. To continue preferential trade with UK, FTA can be considered even after GSP withdrawal in 2029.

Japan

Export, potential, technology transfer and investment were the key aspects of consideration while selecting the country.

Potentials for expanding trade: In FY2021-22, Japan was the 11th largest export destination contributing 2.60 percent to total export of Bangladesh. On the other hand, Japan is the 5th largest import sourcing country contributing 3.9 percent of total import of Bangladesh. Top five export products which includes Knitwear, Woven, Textile materials, Leather goods, footwear contributes 90% of total exports to Japan. Electronics and electrical machineries and parts, Furniture, frozen fish are among the potential export items for Japanese market.

Potential source of FDI: Bangladesh may consider Japanese investment in the manufacturing sector with a target for the Asian, the Japanese and the global market. Through FTA, Japanese investment can be channeled to investment in the value chain following the same manner in which Japan has extended their relationships with China and with the ASEAN Countries.

Willingness of the business groups: About 85 per cent of the local and Japanese companies with operations in both countries want their respective governments to sign a free trade agreement (FTA) so that they can continue enjoying duty benefits after Bangladesh graduates from the UN's list of least developed countries in 2026, according to a survey. Meanwhile, some 20 per cent or 26 Japanese companies want to relocate from Bangladesh to more competitive countries in the Association of Southeast Asian Nations (ASEAN) if an FTA is not signed.[136]Considering this context, Japan can be identified as the potential country for signing FTA.

Canada

Potentials for expanding trade: Canada is one of the largest trading partners and 10th largest export destination in FY2021-22 contributing 2.9 percent of total export of Bangladesh. The country is also one of the major import sourcing countries of Bangladesh contributing 2 percent of the total import. Bangladesh is the second largest importer of

[136] Joint Survey of the Japan External Trade Organization and Japan-Bangladesh Chamber of Commerce and Industry, 2021

Canadian food grains and other agricultural products in South Asia. Moreover, potential areas of trade from Bangladesh to Canada are shipbuilding, pharmaceuticals, leather and leather goods and IT. According to High Commission for Bangladesh in Canada, at present, around 1 lakh Bangladeshi-origin people are living there and the number is increasing. [137]So, demand for local foods and cultural products are increasing there.

Potential Source of Investment: Canada is also considered as the source of foreign investment. Bangladesh and Canada are currently negotiating Investment Protection Agreement (FIPA) which would help bring more direct investments from Canada to Bangladesh. [138]

Sustaining preferential market access: Canada is currently, providing GSP facility to Bangladesh. To continue the duty free access to Canadian market after LDC graduation, Canada can be considered as the potential country for Bangladesh.

South Korea

Opportunity for expanding trade: South Korea is the 10th largest import sourcing country of Bangladesh contributing 2.2 percent of total import. Export potentials specially in Marine products, Leather goods, Footwear, Furniture, Textile products and Vegetable textile fibres can be harnessed through the FTA with the country.

Potential Source of Investment: In addition, FDI stock of South Korea in Bangladesh is about USD1.3 billion until 2021. About 150 South Korean companies are now in operation in Bangladesh and the investors are showing interest to invest in electronics, home appliances, automobile and high-tech industries. In addition, investment in technology, logistics and transport sector are the key consideration while choosing the country for FTA.

Willingness of the business groups: Bangladesh government may learn South Korea's experience in Free Trade Agreement (FTA) as the country is one of the highest ranked in the world in terms of FTA success rate. In addition, Business groups of both countries have shown interest to have FTA between these two countries.

Singapore

Opportunity for expanding trade and investment: During stakeholder consultations, the issue of signing FTA with Singapore got importance in discussions. In fact, Singapore is

[137] https://www.bdhcottawa.ca/bilateral-relations/bangladesh-diaspora-in-canada
[138] https://www.bdhcottawa.ca/bilateral-relations/trade-relations

an open economy driven by trade in goods and services supported by hi-tech management. It has forged an extensive network of 27 implemented agreements. FTA with Singapore will make trade and investment between two countries easier.

Preferential access to wide range of foreign markets: Since Singapore is a vital member of ASEAN and there are agreements on ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) as well as CEPA of ASEAN with India; FTA with Singapore will provide Bangladesh with preferential access to the wide range of foreign markets and hence to consumers based overseas. Therefore, Singapore may be specially treated as a potential country for FTA on the considerations of opportunity for opening up a wide network of market for trade, technology transfer, investment effect and confidence building of other potential countries.

Indonesia

Access to a large export market: The largest economy in Southeast Asia, Indonesia – a diverse archipelago nation has charted impressive economic growth since overcoming the Asian financial crisis of the late 1990s. At present, Indonesia is the world's fourth most populous nation and 10th largest economy in terms of purchasing power parity. The country's GDP growth is projected at 5.1 percent in 2022, supported by growing commodity exports and accommodative fiscal policy to weather the pandemic.[139]

Opportunity for expanding trade: Indonesia, an ASEAN member country, primarily is an import sourcing country for Bangladesh. In 2021, Bangladesh became Indonesia's 15th export destination. Meanwhile, Indonesia ranks 62 for Bangladesh as the country of origin of imports. In FY2020-21, Indonesia's export value recorded at USD 1.85 billion while Indonesia's imports from Bangladesh are recorded at USD 68 million. The country is considered as potential one considering the export potential in RMG, halal food sector and their willingness for signing free trade deal with Bangladesh.

Morocco

Opportunity for expanding trade with African region: In FY2020-21, Morocco was the largest trading partner of Bangladesh in African region having trade volume USD249 million followed by South Africa and Egypt. GDP growth of Morocco rebounded to 7.4% in 2021. This rebound was driven by an exceptional cereal crop after two consecutive years of drought (agricultural value-added grew by 19%), supportive macro-economic policies, solid manufacturing exports, a surge in remittances etc.[140] Morocco experiences

[139] https://www.worldbank.org/en/country/indonesia/overview

[140] https://www.worldbank.org/en/country/morocco/overview

significant macroeconomic credibility and political stability, which is invaluable assets in a volatile region. WTO data shows GDP per capita of Morocco is about USD3291 and trade contributes 39.2% of GDP. Potential export products from Bangladesh to Morocco may include Agro-processed food products, light engineering products etc.

Willingness of the country: RTA policy of Bangladesh sets 'willingness of potential trade partners' as one of the criteria for choosing potential countries for FTA. In addition to bilateral trade potential, willingness of the country was considered while choosing the country as the potential one. At present, Morocco is willing to build economic relationship with Bangladesh. Very recently, the country has initiated a process to sign Bilateral Investment Protection and Promotion Agreement with Bangladesh.

United States of America

Expanding trade with the largest export destination as a single country: United States of America, the largest export destination of Bangladesh constituting 20% of the total export of Bangladesh.[141] The country also the 4th largest import sourcing country after China, India and Singapore constituting 4.4% of total import of Bangladesh. Bangladesh is enjoying positive trade balance with USA. [142]

Potential Source of FDI: USA is also potential for trade in services and investment. Bangladesh's Foreign Direct Investment (FDI) stock was $21.58 billion in 2021, with the United States being the top investing country with $4.33 billion in accumulated investments.[143]

Duty free access to the largest export market: USA is not providing GSP facilities to Bangladesh. Taking initiative of concluding FTA with USA, Bangladesh may get duty free access to the apparel market which is currently subject to average 13.17% duty for Knitwear and 10.23% for woven products. In addition to apparel products, export of leather and leather goods, frozen fish and Furniture products may expand their market share in USA due to FTA with the country.

Leveraging the experience of TICFA: The United States has free trade agreements (FTAs) in effect with 20 countries. Many of their FTAs are bilateral agreements between two governments. In addition, Bangladesh has experience of trade negotiation with USA through Trade and Investment Cooperation Forum Agreement (TICFA), signed in 2013

[141] Export Promotion Bureau, Bangladesh FY2021-22
[142] Import Payment provisional data from Bangladesh Bank FY2021-22
[143] Foreign Direct Investment Data from Bangladesh Bank, December 2021

between USA and Bangladesh. Since signing the agreement, 5 meetings have been held where issues for enhancing bilateral trade and investment were discussed. Bangladesh can leverage the experience of TICFA while negotiating for FTA.

Opportunity for improving social and environmental compliance: However, while negotiating for FTA, USA not only considers trade, it also assesses investment, public procurement, intellectual-property rights, governance, labor rights and environmental compliance among other standards. We may face obligations to improve the standards in this regard, which may help prepare the country for negotiating with other potential countries of the world.

5.7.2 Potential Regional Blocs:

European Union

Expanding trade in the largest export destination: EU is preferred for signing FTA as EU is the largest export destination of Bangladesh, and sustaining the market is the prime concern. The EU is Bangladesh's main trading partner, accounting for around 19.5% of Bangladesh's total trade in 2020. In 2020, Bangladesh was the EU's 34th largest trading partner in goods. EU imports from Bangladesh are dominated by clothing, accounting for over 90% of the EU's total imports from Bangladesh.[144] EU exports to Bangladesh are dominated by machinery and transport equipment.

Sustaining the preferential market access: In addition, opportunity for free trade with 28 member countries by one FTA is also considered. Vietnam, the competitor of Bangladesh in terms of RMG export, has signed FTA with EU in 2019. After graduation, it would be difficult for Bangladesh to compete with Vietnam in EU market as Vietnam would continue to have preferential access to the market through FTA. However, Bangladesh has trade preference in EU until 2029. So the country has time to strengthen the preparation for signing FTA with EU.

[144] https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/bangladesh_en

Regional Comprehensive Economic Partnership (RCEP)

Expanding trade with the largest trading bloc: The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and its five FTA partners (Australia, China, Japan, New Zealand and Republic of Korea). RCEP as the trade bloc accounts for about 30% of the world's population (2.2 billion people) and 30% of global GDP ($26.2 trillion), making it the largest trade bloc in history. It is the first free trade agreement among the East Asian countries including China, Japan, and South Korea, three of the four largest economies in Asia. It would be a great opportunity for Bangladesh to expand trade and investment if the country can be member of RCEP.

Potential benefits: However, a feasibility study "Bangladesh's Accession to RCEP" conducted by Bangladesh Trade and Tariff Commission (BTTC) found that there will be positive impact on GDP, global trade and bilateral Trade of Bangladesh with RCEP members. Most of the domestic industries may suffer (except Wearing Apparels and beverage- tobacco) as some of the industry output shows negative growth. Investment will be increased by 3.36%. The study mentions that the overall outcome depends on the extent Wearing Apparel industry can compensate for all the negative outcomes on other industries. BTTC concluded that RCEP is a comprehensive agreement covering issues beyond trade in goods. Therefore, before proceeding, sector wise assessment and country position needs to be determined through stakeholder consultation specifically in case of service, investment, and intellectual property.

ASEAN

Preferential access to a fast-expanding trading bloc: The Association of Southeast Asian Nations (ASEAN) is a fast-expanding trade bloc consisting of 10 member states, namely: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. ASEAN averaged an annual GDP growth rate of 4.4% between 2011 and 2020. With a combined population of over 660 million, ASEAN's aggregate economic size was about US$3 trillion in 2020. If considered as a single entity, ASEAN is the third largest economy in Asia, and the fifth largest in the world after the US, China, Japan and Germany. ASEAN is, however, very diverse in terms of income levels and the bloc had an average per capita income of US$4,533 in 2020. In 2020, the services sector was the leading economic sector in ASEAN, accounting for 50.6% of the bloc's GDP, followed by manufacturing (35.8%) and agriculture (10.5%). ASEAN itself is the largest market for exports of goods from the trade bloc, accounting for 21.3% of total ASEAN exports in 2020, followed by mainland China (15.7%), the US (15.2%), the EU (9.4%), Japan (7.2%) and Hong Kong (6.9%). For imports of goods into ASEAN, mainland China was the largest supplier with a share of 23.5% in 2020, followed by ASEAN (21.2%), Japan (7.8%), the US (7.7%), South Korea (7.7%) and the EU (7.6%).[145]

Potential source of investment: Bangladesh may attract ASEAN investment by virtue of a huge South Asian market. Bangladesh exports will get duty-free quota-free (DFQF) market access till 2029, even after graduation, in various developed nations. The ASEAN members can take it as an opportunity, and by investing in Bangladesh, they also can export goods to other nations with DFQF facility.

The study also considered volume of intra-regional trade of ASEAN, geographic proximity for choosing ASEAN. If Bangladesh prioritize RCEP then the country could have free trade access to ASEAN countries, as the ASEAN countries are the members of RCEP also. Therefore, a separate endeavor to sign FTA with ASEAN may not be necessary.

Eurasian Economic Union (EAEU)

Opportunity for diversifying trade basket: The EAEU, a regional bloc of 5 Member-States, Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, represents a significant chunk of the global economy. The volume of gross domestic product in the Eurasian Economic Union as a whole amounted to USD2.1 trillion at year-end 2021 or 104.6% to the level of 2020. GDP growth was registered in all the Union countries, Armenia where GDP increased by 5.7% takes the lead.[146] EAEU exports are dominated by mineral products (oil, gas, nonferrous metals, coal), which comprise 54 percent of the total volume. These are primarily produced by Russia, though Kazakhstan's contribution is also quite large. Through FTA, Bangladesh may explore trade potentials in these areas.[147]

Potential for expanding trade: As an effort for market diversification, signing FTA with Eurasian Economic Union (EAEU), can be a good option for Bangladesh. These five Eastern European countries have over US$1.5 billion annual bilateral trade with Bangladesh and the volume can be increased manifold if a free-trade pact is inked. In

[145] https://research.hktdc.com/en/article/Mzk5MzcxNjEz

[146] EAEU's GDP amounted to 2 trillion US dollars in 2021, accessed from- https://eec.eaeunion.org/en/news/obem-vvp-eaes-sostavil-2-trln-dollarov-ssha-v-2021-godu/

[147] A closer look at the Eurasian Economic Union (2021). accessed from - https://www.gisreportsonline.com/r/eurasian-economic-union/

addition, to explore Russian market Bangladesh has to go through EAEU, since Russia would not be able to sign any deal unilaterally. It is to be mentioned that in 2019 Bangladesh signed a Memorandum of Cooperation with Eurasian Economic Commission (EEC) to explore the export potentials with the member countries of EAEU.

MERCOSUR (Southern Common Market)

Opportunity to explore new areas of trade and investment:

The Southern Common Market—known as Mercosur in Spanish, is one of the world's leading economic blocs, its fifth-largest economy. Mercosur is an economic and political bloc of the big economies of South America consisting of Argentina, Brazil, Paraguay and Uruguay. The group encompasses 295 million people and has a combined GDP of nearly $2 trillion. Mercosur also counts Bolivia, Chile, Colombia, Ecuador, Guyana, Peru, and Suriname as associate members. The bloc also has a number of free-trade agreements (FTAs) with third parties, including Chile, Colombia, and Peru, as well as Israel, Egypt, Lebanon and the Palestinian Authority. A trade agreement that doesn't involve all Mercosur members would contravene the group's rules. In FY 2021-22, Bangladesh exported USD163.33 million to Mercosur countries, mostly the RMG products. In addition, Bangladesh exported non-leather footwear and headgear to those countries. Bangladesh may consider signing a free trade agreement (FTA) with the Mercosur having a great opportunity to explore new areas of trade and investment.

5.8 Incentives of other Developing Countries such as India:

Some schemes in India for RMG sector:

India being a developing country has certain schemes as alternatives to export subsidies in the RMG and Textile sector. Some are explored below:

Remission of Duties and Taxes on Exported Products (RoDTEP)

RoDTEP stands for Remission of Duties and Taxes on Export Products. It is a new scheme that is applicable with effect from January 1st, 2021, formed to replace the previous MEIS (Merchandise Exports from India Scheme). The scheme ensure that the exporters receive the refunds on the embedded taxes and duties previously non-recoverable. The scheme was brought about with the intention to boost exports which were relatively poor in volume previously. The scheme rebates various Central, State and local duties/ taxes/levies which are not refunded under other duty remission schemes. This is a measure towards zero-rating of exports.

Need for the RoDTEP Scheme

The US had challenged India's key export subsidy schemes in the WTO (World Trade Organization), claiming them to harm the American workers. A dispute panel in the WTO ruled against India, stating that the export subsidy programmes that were provided by the Government of India violated the provisions of the trade body's norms. The panel further recommended that the export subsidy programmes be withdrawn. This led to the birth of the RoDTEP Scheme, so as to ensure that India stays WTO-compliant.

The following were some of the export subsidy programmes recommended to be withdrawn:-

- Merchandise Exports from India Scheme
- Export Oriented Units Scheme
- Electronics Hardware Technology Parks Scheme
- Bio-Technology Parks Scheme
- Export Promotion Capital Goods Scheme
- Special Economic Zones (SEZ) Scheme
- Duty-Free Imports for Exporters Scheme

Features of the RoDTEP Scheme

- Refund of the previously non-refundable duties and taxes
- Mandi tax, VAT, Coal cess, Central Excise duty on fuel etc. are now refunded under this particular scheme. All the items under the MEIS and the RoSTCL (Rebate of State and Central Taxes and Levies) are now under the purview of the RoDTEP Scheme.
- Automated system of credit
- The refund is issued in the form of transferable electronic scrips. These duty credits are maintained and tracked through an electronic ledger.

Eligibility to get the facility

Under RoDTEP, all sectors, including the textiles sector, are covered, so as to ensure uniformity across all areas. Labor-intensive sectors that enjoy benefits under the MEIS Scheme are given a priority.

- Manufacturer exporters and merchant exporters (traders) are both eligible for the benefits of this scheme.
- There is no particular turnover threshold to claim the RoDTEP.
- Re-exported products are not eligible under this scheme.

- To be eligible to avail the benefits of this scheme, the exported products need to have the country of origin as India.
- Special Economic Zone Units and Export Oriented Units are also eligible to claim the benefits under this scheme.
- Where goods have been exported via courier through e-commerce platforms, RoDTEP scheme applies to them as well. [148]

The Production Linked Incentive (PLI) scheme for MMF[149]

India has been traditionally focusing on Cotton textiles whereas the global mill fibre consumption is moving towards Manmade fibre (MMF). Recognizing the potential for growth and employment in MMF sector, the Production Linked Incentive (PLI) Scheme for Textiles has been formulated with an approved outlay of INR 10,683 crore over a five year period, to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country. The objective is to enable Textile sector to achieve size and scale and to become competitive. Increased availability of MMF and MMF yarn will contribute to the overall Growth in textile industry using mixed fibre/yarn.

Duration of the Scheme:

The Scheme is in operation from 24.09.2021 (Date of Notification) to 31st March 2030 and the incentive under the Scheme will be payable for a period of 5 years only.

Table 37 Scheme Part 1 and Part 2

Year	Gestation Period	Performance year	Incentives claim year
*	FY 2022-2023		
*	FY 2023-2024	Optional*	Optional*
1		FY 2024-2025	FY 2025-2026
2		FY 2025-2026	FY 2026-2027
3		FY 2026-2027	FY 2027-2028
4		FY 2027-2028	FY 2028-2029
5		FY 2028-2029	FY 2029-2030

Here, Gestation Period means, period allowed to the participating company for establishing the manufacturing and for commencement of production of Notified

[148] notification No. 76/2021- Customs (N.T.) dated 23.09.2021, retrieved from, https://cleartax.in/s/rodtep-scheme
[149] File No. 12015/03/2020-IT, Government of India, Ministry of Textiles, 28th December, 2021

Products by investing minimum prescribed investment as declared in the application. Under the Scheme, FY: 2022-23 to FY: 2023- 24 will be the gestation period for Part-1 and Part-2.

In case of fast paced investment when threshold investment and threshold turnover is achieved by FY 2023-24, incentive may be payable in FY 2024-25 itself. However, in such cases, benefits of the Scheme shall be available upto FY 2027-28 only i.e. a total of 5 years only.

Scheme Details

1. Scheme Part- 1: Any person including Company/Firm/LLP/Trust willing to create a separate manufacturing company under Companies Act 2013, and invest minimum ₹300 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such company will be eligible to get incentive when they achieve a minimum of ₹600 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.
2. Scheme Part- 2: Any person including Company/Firm/LLP/Trust willing to create separate manufacturing company under Companies Act 2013, and invest minimum ₹100 Crore (excluding land and administrative building cost) to manufacture Notified Products. Such company will be eligible to get incentive when they achieve a minimum of ₹200 Crore turnover by manufacturing and selling the Notified products by the first Performance Year.
3. The Participant shall be eligible for the incentives on achieving threshold investment and threshold/incremental turnover.
4. Incentive shall be calculated on achieving threshold turnover as mentioned above in para 1 and 2 under the respective scheme in the first Performance Year. In case the prescribed conditions are not met in time, the incentive will be available from the year these are met, for a lesser number of years but rate of incentive applicable will be as prescribed to first year of the scheme and so on for remaining period.
5. Manufacture and sale of textile Products will be considered as permitted activities. However, turnover /sale of only Notified Products shall be considered for computation and availing incentive under the scheme. Account for both Notified and non-Notified Products will be maintained separately.

Incremental turnover and Incentive Rate:

1. Incentive under the Scheme will accrue on fulfilling conditions of minimum investment and minimum turnover.

2. Rate of Incentives for a particular performance year are as indicated in the following table.
3. Incentives in a particular year will be provided on achieving turnover as prescribed in the Table below for that year and, 25% additional incremental turnover over the immediate preceding year's turnover, subject to a cap of maximum 35% admissible incremental turnover.
4. In case the participant company fails to achieve the prescribed turnover or 25% increase in turnover over immediate preceding year's turnover, they will not get any incentive under this scheme for that year.
5. Such participants will get incentive only when they achieve both, i.e. the prescribed turnover target for the year and 25% increase in turnover over immediate preceding year's turnover, in subsequent year for reduced number of years.

Table 38 Prescribed Turnover and Rate of incentive

Year	Gestation Period[150]	Performance year	Incentives claim year	Scheme Part 1 (minimum investment INR 300 Crore)		Scheme Part 2 (minimum investment INR 100 Crore)	
*	**FY 2022-2023**			**Minimum Prescribed sales Turnover**	**Rate of incentive**	**Minimum Prescribed sales Turnover**	**Rate of incentive**
*	FY 2023-2024	Optional*	Optional*				
1	Year 1	FY 2024- 2025	FY 2025-2026	600 Cr	15%	200 Cr	11%
2	Year 2	FY 2025- 2026	FY 2026-2027	750 Cr	14%	250 Cr	10%
3	Year 3	FY 2026- 2027	FY 2027-2028	937.5 Cr	13%	312.5 Cr	9%
4	Year 4	FY 2027- 2028	FY 2028-2029	1171.87 Cr	12%	390.63 Cr	8%
5	Year 5	FY 2028- 2029	FY 2029-2030	1464.84 Cr	11%	488.2 Cr	7%

[150] Operational Guidelines for Production Linked Incentive (PLI) Scheme for Textiles for Promoting MMF and Technical Textiles segments in terms of Para 8 of the Notification dated 24.09.2021., File No. 12015/03/2020-IT Government of India Ministry of Textiles. Retrieved from, https://pli.texmin.gov.in/Guidelines/Approved%20Guidelines%20for%20PLI%20scheme%20for%20Textiles.pdf

Challenges of the PLI Scheme:

- There is a lack of a common set of parameters to examine the value addition by companies.
- The target for companies to qualify for incentives are too steep.

5.9 "New support measures for graduating Belt and Road LDCs"- A project launched by UN-DESA

Given the large number of LDCs expected to graduate in the next few years, the Economic Analysis and Policy Division (EAPD) of Department of Economic and Social Affairs (UN-DESA) has recently launched a project on "New support measures for graduating Belt and Road LDCs". The project aims to identify targeted assistance measures and strengthen policy frameworks and institutional arrangements for the adoption and use of these measures in six pilot LDCs: Bangladesh, Cambodia, Lao PDR, Myanmar, Nepal and Timor-Leste. Among other things, the project will strengthen analysis of the context and support consultation processes between a range of stakeholders as well as development and trading partners in each country. This project has run until October 2022 and is supported by the UN Peace and Development Fund, established with a generous contribution from the Government of China.[151]

Sustainable Graduation Support Facility:

Sustainable Graduation Support Facility by OHRLLS, is a country-led global platform that responds to the increasing demand from graduating and recent graduated LDCs for dedicated capacity development in the form of policy and technical advisory services in preparing and managing graduation and a smooth transition towards sustainable development. At the start, the Facility will offer a suite of dedicated capacity-building support in the form of policy and technical advisory services across six specific lines:

i) Addressing the loss of existing LDC-specific international support measures (ISMs);

ii) Improving the ability of graduating and graduated LDCs to access non-LDC-specific support;

iii) Preparing and implementing national smooth transition strategies (STS);

iv) Assistance in accessing financing transition and beyond;

[151] United Nations, LDC Portal, Finding new support for graduating LDCs, retrieved from, https://www.un.org/ldcportal/content/finding-new-support-graduating-ldcs

v) Facilitating South-South Cooperation, dialogue and sharing country as well as region-specific knowledge and experience; and

vi) Ensuring effective participation in the monitoring process of the CDP.

The Facility was piloted by DESA in close collaboration with OHRLLS and ESCAP in Vanuatu. OHRLLS and DESA introduced the Facility as an input to the LDC5 preparatory process on 26 May 2021 during an event co-organised with the Government of Bangladesh in the sidelines of the first session of the LDC5 . The Facility was also discussed at the LDC5 Asia-Pacific Regional Review (APRR) plenary Session 3 on 31 August 2021.

Chapter 6: Smooth Transition Strategies for Bangladesh to Overcome the Graduation Challenges

Smooth transition strategy aims to ensure that development efforts are not disrupted by graduation. It focuses on expected implications of loss of LDC status and associated special support measures and presents a comprehensive and coherent set of specific measures in accordance with the priorities of the graduating country, taking into account its specific structural challenges, vulnerabilities and strengths. In this Chapter STS process, approach, measures and implementation modalities focusing on the S&DT aspects are explored.

6.1 STS Approach and Process

Bangladesh needs to carefully consider the approach and process it will take in preparing its STS. A number of key items need to be considered. The country could draw on its graduation assessment prepared by UN DESA (United Nations Department of Economic and Social Affairs) and other UN entities (including a DESA impact assessment and UNCTAD vulnerability profile) that may already articulate possible Elements of an STS. The STS process outlined by the UN DESA comprises 9 steps which revolve around 2 major principles: 1) Country-led, country owned and using existing country systems to the extent possible and 2) International community support is country-demand driven, timely and of high quality[152]. The steps of STS process are described below:

Step 1: Country Meets the LDC Graduation Criteria the First Time

After the CDP finds a country meeting the graduation criteria the first time, the country is notified by UN DESA. UN DESA prepares before the subsequent Triennial Review of the CDP, an ex-ante assessment, UNCTAD prepares a vulnerability profile, and the conclusions of these assessments, along with inputs from the UN Country Team (UNCT) and the Inter Agency Task Force (IATF) on LDC graduation are considered in a "graduation assessment." A key part of the process of preparing the graduation assessments is that DESA solicits and reflects country inputs and more importantly holds a national meeting to ensure the government, relevant private sector players and other key stakeholders fully understand the impact of the loss of ISMs due to graduation, the lingering vulnerabilities beyond graduation and possible key elements of a smooth transition strategy. Bangladesh has already started the preparations for an STS taking

[152] Smooth Transition Strategy Guidance note, UN DESA (2021)

ownership and leadership of the process. In the past, graduating countries only started preparing their STS after being recommended for graduation by the General Assembly. However, from 2019, the CDP has indicated the need for countries to start the thinking and process of preparing an STS from as early as the first time it meets the LDC graduation criteria. The General Assembly recommends that a country prepares a smooth transition strategy.

Step 2: Government Initiates a Country-led Preparatory Process for LDC Graduation keeping Maximum S&DT Facilities for a Certain Phase

This is a first, crucial step in which the government prioritizes LDC graduation at the highest level through its political leadership and is supported by "whole of government" policy leadership, technical analysis, and the contributions of private sector and non-government actors as specialists in their respective areas. The best way to incorporate LDC graduation and preserve maximum S&DT facilities for a certain period into the country's current national plans, policies, and medium-term budgetary framework, as well as the planning, budgeting, monitoring, and reporting processes, must be determined through a government-led dialogue with important stakeholders from the private sector and NGOs.

Step 3: Use Existing Consultative Mechanism Regarding S&DT Facilities

To facilitate the preparation of the STS a national consultative mechanism does not need to be a newly created mechanism. Only when no appropriate mechanisms exist, a country is encouraged to establish a new and dedicated consultative mechanism for LDC graduation. Bangladesh should utilize the national consultative mechanisms which should be integrated with other relevant consultative processes and initiatives between the graduating country and its development partners.

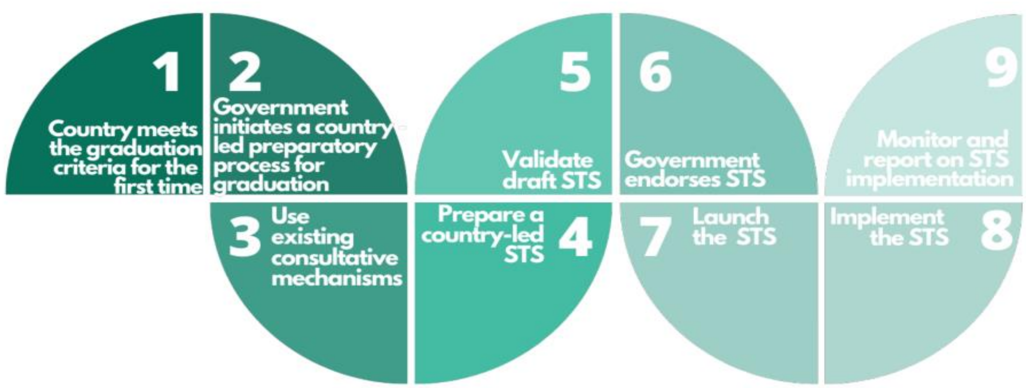
For smooth graduation and prevailing S&DT facilities or dealing with the loss of S&DT facilities, Bangladesh should ensure that an existing or newly established mechanism has ‘whole of government’ leadership and is inclusive. The consultative mechanism could have two key components: a) national and local stakeholders – government, think tanks, private sector, civil society and other actors; and b) international partners – bilateral, multilateral and regional partners as well as external private sector, philanthropies and international non-government organizations (INGOs). Having a component of the mechanism dedicated to national and local consultations allows the voices and interests of different segments and groupings within the country to be heard and considered in preparing the STS and the process itself.

Based on the government's sound understanding of the impact of the loss of S&DT and ISMs, long-term vulnerabilities and elements highlighted in its graduation assessment, Bangladesh can conduct a stakeholder mapping to then select national and international stakeholders as members of the consultative mechanism. Also, Bangladesh can call on the UN system through its country presence via the UN Resident Coordinator and the UN Country Team for support. Further support from the IATF on LDC Graduation is available, upon request.

Step 4: Prepare a Country-led STS Regarding S&DT Facilities

To ensure a comprehensive and quality STS, it is important that Bangladesh considers the strategic objective of the STS, approach to developing and implementing the STS, the key elements or features of the strategy and ensuring an inclusive and participatory engagement process. Ample time should be spent on the process and approach of the STS as it requires thorough analysis of the impacts of graduation considering loss of different S&DT and ISMs and identification of mitigating measures that are needed to transition smoothly beyond graduation. The draft STS should be shared with all stakeholders invited to the validation workshop, well before the workshop. Based on comments received, a revised draft STS is prepared for validation by the Government and a wide and inclusive spectrum of stakeholders.

Figure 18 **Steps of STS process**



Source: Smooth transition strategy guidance note, UN DESA

Step 5: Validate Draft STS Regarding S&DT Facilities

A government or country-led validation workshop should be organized and facilitated through the consultative mechanism. If Bangladesh prepares the STS as part of the formulation of a medium to long-term national development plan, the validation would form part of the validation of the national development plan. If the STS is being prepared as a separate document, then more time should be spent to make the discussions meaningful. Pertinent Stakeholders' comments and feedback on S&D measures and way forwards of losing them should be sought during the validation providing sufficient time to allow adequate discussion of each section of the draft STS and the recommended specific measures for implementation.

Step 6: Government Endorses the STS Regarding S&DT Facilities

The validated STS should be endorsed by the government to give it the legitimacy for implementation and support from the international community. Responsibility for the implementation of the STS recommended actions and specific measures for dealing with S&DTs are to be clearly assigned within the Government and with indicative timeframes. The government of Bangladesh should incorporate the STS measures and plans into its annual development to 5-years development plans. Ideally, the STS should be endorsed well in advance of the date on which graduation becomes effective. Implementation of the STS should start as soon as possible. Prompt implementation of STS with measures for S&DTs and initiating negotiations with bilateral partners need to be considered by Bangladesh when preparing its overall STS roadmap and timeline including the commencement date for implementation of the strategy.

Step 7: Launch the STS Regarding S&DT Facilities

This can be as a stand-alone event or as part of a bigger event for which the STS is a key component or the STS is a contribution. It should be seen as the opportunity to promote the key messages underpinning the importance of a smooth transition beyond graduation and one which requires commitment by all. STS measures focusing S&DT benefits and their retention strategies adopted by Bangladesh should be launched with its respective annual development, 5-year-plan or new policy implementations.

Step 8: Implement the STS Regarding S&DT Facilities

Bangladesh may start to implement the STS as part of their overall development strategy and to incorporate it into future policies and strategies and the action matrix of the Diagnostic Trade Integration Studies under the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries (EIF). Elements of an STS can be incorporated into documents like Diagnostic Trade Integration Study (DTIS), WTO Trade Policy Review, its poverty reduction and growth strategy and national development strategy, annual development, 5-year-plan, Delta plan depending on the stage of each.

Resources required for the STS implementation could also be reflected in Bangladesh's medium-term budget or fiscal framework and its external resource mobilization strategy as well as reflected by development and trading partners in their own multi-year funding mechanisms.

Step 9: Monitor and Report on the STS Implementation

If Bangladesh's STS is well integrated into its national sustainable development plan and budget, then monitoring of the STS should also be embedded in a country's monitoring and evaluation framework for its national plan and budget. Annual monitoring and reporting on implementation of the STS should form part of existing national and sectoral monitoring and reporting as well as the country's integral reporting requirements to the CDP annually for the first three years after graduation becomes effective as well as for two consecutive triennial reviews.

It is also useful for the country to develop a brief advocacy and communication strategy as a tool for high-levels of government to use in raising awareness, garnering support across the country and strengthening key partnerships for the country's smooth transition beyond graduation.

Additionally, these steps should be guided by questions like what other development plans are in place or planned where the STS can be integrated, which Government agencies will be responsible for the leadership and ownership of the transition strategy, availability of existing national consultative or policy and decision-making mechanisms that could be used for the purposes of LDC graduation and preparing an STS and so on.

6.2 Identifying Smooth Transition Measures with 7 Sectoral Committee on LDC Graduation in Bangladesh

National Committee on LDC Graduation (NCG)

The National Committee on LDC Graduation (NCG) was formed on 27 April 2021 under the Chairmanship of the Principal Secretary to the Hon'ble Prime Minster. The 22-member apex body representing the high-level representatives from the government and the private sector is diligently working to assess the impact of graduation, identify the actions to adapt for the post-graduation era, and outline time-bound action plans for sustainable graduation.

Bangladesh is most likely to face challenges, such as loss of duty free-quota free access, unilateral, preferential market access, reduced scope for concessional or low interest funding from international and bilateral development partners, preference erosion, and strict compliance with stringent standards. To overcome these issues and to sustain S&DT measures or to address the loss of these S&DTs, the NCG was formed.

Under the guidance of the NCG, seven thematic subcommittees have been formed to address various core issues related to LDC graduation. Each subcommittee has members from private sector stakeholders and development researchers. The actions adopted by these subcommittees are focused on STS measures for S&DT benefits and graduation challenges. The area of work of this committee includes the following[153]:

a) Determining the extent of the impact of LDC Graduation in relevant sectors;
b) Mapping the responsible and the associate ministries/divisions/agencies for the identified sectors;
c) Taking necessary initiatives for the expansion of bilateral, regional, and international trade;
d) Providing advice on formulating tariff policies that are consistent with free trade agreement/ preferential trade agreement;
e) Formulating and implementing specific and time bound work plans by relevant ministries, divisions and agencies;
f) Regularly monitoring and advising on the implementation of the work plans adopted by relevant ministries, divisions and agencies.

[153] National Committee on LDC Graduation, Prime Minister's Office, Government of Bangladesh. (February, 2023). Preparedness For Graduation with Momentum: Strategies for Coping with Challenges and Tapping New Opportunities

6.2.1 Smooth Transition Measures for Bangladesh

Smooth Transition Strategies (STS) measures regarding S&DTs adopted by the seven thematic subcommittee on LDC Graduation are outlined in the following table:

Table 39 STS measures regarding S&DTs adopted by seven thematic subcommittee on LDC Graduation[154]

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
1. Sub-committee on Preferential Market Access & Trade Agreement	a. Suggest strategies to continue LDC specific preferential market access in the developed and developing countries for a certain period (12 years) and to utilize the opportunities in WTO. b. Suggest measures to retain LDC specific preferential market access with flexible rules of origin for a certain period after graduation. c. Suggest effective mechanism for obtaining GSP+ in EU after 2029 along with favorable Rules of Origin. d. Recommend strategies for the continuation of DFQF access (like EU and UK) for the newly graduating countries in other major export destination countries. e. Identify potential trading partners for signing PTAS/FTAS/ CEPAS by analyzing the studies conducted by Bangladesh Trade & Tariff	**Lead:** Secretary, Ministry of Commerce **Co-lead:** Secretary, Prime Minister's Office **Members:** 1. Ministry of Industries 2. Ministry of Foreign Affairs 3. National Board of Revenue, 4. Economic Relations Division, 5. Ministry of Labour & Employment 6. Bangladesh Investment Development Authority (BIDA)

[154] National Committee on LDC Graduation, Prime Minister's Office, Government of Bangladesh. (February, 2023). Preparedness For Graduation with Momentum: Strategies for Coping with Challenges and Tapping New Opportunities

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
	Commission and others (if any) and formulate strategy. f. Develop negotiating strategies and prepare Bangladesh's position papers. g. Suggest necessary reforms or amendment on trade related rules/regulations and policies in initiating/signing FTA/PTA/CEPA. h. Suggest time bound action plan with recommendations on Preferential Market Access and Trade Agreements.	7. Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) 8. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) 9. Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
2. Sub-committee on Intellectual Property Rights (IPR)	a. Identify challenges and explore opportunities under WTO TRIPS agreement. b. Develop strategies for getting the extension of transition period under Article 66.1 of the TRIPS agreement for a certain period after graduation. c. Develop strategies for the continuation of the waiver on TRIPS & public health until 01 January 2033 for graduating LDCs. d. Suggest strategy in developing local capacity and prepare to ensure availability and affordability of medicine, vaccine and medicinal products after graduation.	**Lead:** Secretary, Ministry of Industries **Co-lead:** 1. Secretary, Ministry of Commerce Members: 2. Ministry of Cultural Affairs 3. Ministry of Foreign Affairs, 4. Health Services Division, 5. Legislative & Parliamentary Affairs Division

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
	e. Analyze the impact on domestic industries and general public health, if the waiver period is over in 2026. f. Analyze the gaps on national IP issues other than pharmaceuticals l(egal, administrative and financial) in the WTO, WIPO and global context and recommend measures for ensuring better enforcement at the domestic level. g. Suggest time bound action plan with recommendations on the above.	6. DG, Drug Administration 7. Registrar, Department of Patents, Designs & Trademarks 8. Bangladesh Association of Pharmaceutical Industries (BAPI) 9. API Industry Representative 10. Intellectual Property Association of Bangladesh
3. Sub-committee on WTO Issues (Other than market access & TRIPS)	a. Identify WTO inconsistent measures and legal systems including subsidies, local content requirements, para-tariffs etc. that Bangladesh are currently granting. b. Develop strategy for the inclusion of Bangladesh in the Annex VII list of the Agreement on Subsidies and Countervailing measures. c. Develop strategies for the inclusion of Bangladesh in Net Food-Importing Developing Countries (NFIDC) list for Article 9.4 incentives to agricultural products. d. Develop negotiating strategies for incorporating the interests of the newly graduating LDCs in the	**Lead:** Secretary, Ministry of Commerce **Members:** a. Ministry of Foreign Affairs b. Ministry of Agriculture c. Ministry of Fisheries & Livestock d. Finance Division e. National Board of Revenue f. ICT Division

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
	emerging WTO issues (fisheries subsidies, e-commerce, WTO reforms etc.). e. Formulate Bangladesh's position on the participation in the discussion on e-commerce, investment facilitation and MSMEs (Micro Small & Medium Enterprises). f. Suggest time bound action plan with recommendations on the above issues.	g. Ministry of Cultural Affairs h. Federation of Bangladesh Chamber of Commerce and Industries (FBCCI)
4. Sub-committee on Investment, Domestic Market Development & Export Diversification	Identify challenges and opportunities in the areas of investment, market development & export diversification. Propose strategies for providing policy support for encouraging production of high quality, higher value-added products. Identify what needs to be done to attract FDI and facilitate transfer of technology and development of new products. Identify capacity development needs of the public and private sector to effectively deal with the challenges of LDC graduation. Suggest how to build/acquire required skills for economic/trade diplomacy and country mapping. Develop strategics to ensure access to trade finance. Suggest strategy for managerial & other skills enhancement, labour productivity	**Lead:** Secretary, Prime Minister's Office **Co-lead:** Secretary, Ministry of Commerce **Members:** 1. Finance Division 2. Ministry of Foreign Affairs 3. Secretary, Ministry of Industries 3. Ministry of Agriculture 4. National Board of Revenue (NBR) 5. Secondary & Higher Education Division 6. Technical & Madrasah 7. Education Division

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
	and strengthen research & development to address LDC graduation challenges. Suggest time bound action plan with recommendations on investment, market development and export diversification.	8. ICT Division 9. National Skills Development Authority 10. Bangladesh Investment Development Authority (BIDA) 11. Bangladesh Economic Zones Authority (BEZA) 12. Bangladesh Bank 13. Federation of Bangladesh Chamber of Commerce and Industries (FBCCI)
5. Sub-committee on Internal Resource Mobilization & Tariff Rationalisation	a. Identify challenges and exhume opportunities of tariff rationalization for facilitating free/ preferential trade agreement. b. Suggest strategies for gradual reduction of import duties/tariff structure without compromising domestic competitiveness. c. Prepare action plan to analyze current tax regulations and initiate changes to make Bangladesh an attractive trading partner. d. Propose business & tax-payer friendly reforms in revenue administration, which is conducive to enhancement of domestic resource mobilization. e. Align tax policies and laws compliant with WTO regulations	**Lead:** Senior Secretary, Finance Division **Co-lead:** Chairman, National Board of Revenue (NBR) **Members:** 1. Ministry of Industries 2. Ministry of Commerce Financial Institutions Division 3. Bangladesh Investment 4. Development Authority (BIDA) 5. Bangladesh Trade & Tariff Commission 6. Bangladesh Bank

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
	and international best practices in the post-graduation era. f. Suggest time bound action plan with recommendations on the internal resource mobilization and tariff rationalization.	7. Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) 8. Research Organization (to be adopted by sub-committee)
6. Sub-committee on Smooth Transition Strategy	a. Identify challenges and opportunities for development financing & smooth transition for graduation. b. Formulate strategies to negotiate with the development partners to support for meeting graduation challenges. c. Explore new windows for development financing and prepare strategies accordingly. d. Develop mechanism for collecting necessary information, conduct analysis and submit report to UN CDP and do necessary analysis and collect information for this purpose. e. Identify areas for graduation related research and take necessary actions in conducting the research. f. Prepare strategy for branding Bangladesh abroad g. Prepare detailed roadmap on smooth transition strategy.	**Lead:** Secretary, Economic Relations Division **Co-lead:** Secretary, Prime Minister's Office **Members:** 1. Ministry of Commerce 2. Ministry of Foreign Affairs Finance division 3. Ministry of Environment, Forest & Climate Change 4. Statistics & Informatics Division 5. Bangladesh Investment Development Authority (BIDA) 6. General Economic Division
7. Sub-committee on Branding	a. Identify the potential issues to attract foreign investment.	**Lead:**

Name of the Sub- committee	Terms of Reference for Smooth Transition Strategies	Lead, Co-Lead and Member Ministry/Division/Organizations
Bangladesh Abroad	b. Identify challenges of competitiveness of investment. c. Prepare strategy for branding Bangladesh abroad.	Executive Chairman, Bangladesh Investment Development Authority (BIDA) **Co-lead:** Sr. Secretary, Ministry of Foreign Affairs **Members:** 1. Ministry of Commerce 2. ICT Division 3. Economic Relations Division 4. Ministry of Environment, Forest & Climate Change 5. Bangladesh Economic Zones Authority (BEZA) 6. Bangladesh Export Processing Zones Authority (BEPZA) 7. Bangladesh Parjatan Corporation 8. FBCCI 9. BGMEA

LDC graduation can present Bangladesh with various challenges on multiple fronts. Some of the assessed challenges and smooth transition or mitigation measures for them are outlined below:

- Almost all graduated LDC's encountered slow economic growth in the transition period after the graduation and Bangladesh is also likely to face the similar scenario. To counter this adversity, it would be imperative to increase the economy's general capacity. Prioritization should be given to institutional strengthening, skill development, technical advancement, and economic diversification. Foreign Investment need to be attracted more and more leveraging the developing country image. To allure and sustain the foreign investment, political stability, simplification of business procedures, sectoral diversification, strengthening financial and capital market, enabling infrastructures like EPZs, ports, intermodal connectivity, performance linked financial incentives type measures need to be ensured.

- Bangladesh will lose the most crucial preferential treatment package of GSP facility in the EU region but will still be eligible for "GSP-plus" benefits for market access. To avail this facility, the country has to ratify and implement 27 international conventions on labor rights, human rights, environmental protection and good governance. Ensuring social and environmental compliance, the country needs to focus on labor rights, and union issues along with achieving LEED, USBGC type certification for eco-friendliness.
- As the country will lose ISMs like preferential market access DFQF benefits, Bangladesh will have to adopt measures like persuasion for a continuation of DFQF market access after graduation, negotiations for specific preferential market access in the developed and developing countries for a certain period (like 12 years), identifying potential trading Partners for signing PTAs/ FTAs/CEPAs and so on. In addition, Bangladesh should actively participate in regional and sub-regional initiatives like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and make an effort to join several multilateral economic associations. To gain from those and join economic alliances, it should aim to become an actual or observer member of bigger blocs like the Association of Southeast Asian Nations (ASEAN) or Regional Comprehensive Economic Partnership (RCEP). To reap any potential benefits, it should continue to actively participate in the WTO assemblies and negotiations.
- Bangladesh will lose ODA measures and LDC preferential allocation of aid which will result in potentially higher costs associated with concessional loans and the country will need to use blended financing, which consists of loans from development institutions and other sources with high interest rates and short repayment terms. In order to mitigate such adversities, Bangladesh could also look for additional funding options from organizations like the New Development Bank (NDB), Asian Infrastructure Investment Bank (AIIB), and other private sources. The country should also keep an eye on the global approach to development financing is shifting under the 2030 Agenda and the Addis Ababa Action Agenda for Financing for Development with a greater emphasis on

domestic resource mobilization, blended financing and private sector involvement for exploiting more ODA type assistance.

- After graduation, Bangladesh will lose access to funding under the Enhanced Integrated Framework. However, the access may be phased out over a five-year transition period following graduation. So, it may be possible for Bangladesh to use this transition period to leverage future funding and capacity building activities through alternative sources. This may provide an opportunity to better integrate activities undertaken by the country to overcome graduation adversities.
- Bangladesh will not be able to offer cash incentives to export businesses to satisfy WTO requirements when it graduates from LDC status. To get around this, the government intends to give relevant parties subsidies under various names in order to maintain export competitiveness and revenue inflow from global markets. As a remedy to this situation, the country can use, duty drawback scheme, special bonded warehouse facility, interest rate subsidy for export (as long the interest rate is not less than the interest rate in international market), export development fund (as long the interest rate is not less than the interest rate in international market) type measures.
- Intellectual property right (IPR) related issues will be more stringent for Bangladesh after graduation and TRIPS waiver will expire after a certain time. In order to mitigate these issues, the country must align with LDC group for lobbying of the general transition period, continue bilateral discussion with advanced developed and developing countries like USA, Canada, India, China, for extension of the transition period. Eventually, the country should develop some relevant laws, raise public awareness about IP protection and seek support from private sector to overcome these issues for securing a smooth graduation.
- Since the preference erosion is likely to reduce Bangladesh's export earnings after the LDC graduation, the country should take mitigation measures like export diversification comprising both market and product diversification. Along with new sectoral development, the country needs to develop effective duty drawback schemes, increase the availability of credit, simplify trade regulations while complying with international standards and support SMEs. Also, country branding will be a crucial measure for the country to sustain export performance after the LDC graduation.

6.2.2 Smooth Transition Measures for Strengthening the Competitiveness of Trade

Bangladesh will need to create industrial networks, value chains, and promote and stimulate market and product diversity as a graduating LDC. Creating a proper enabling business environment in the country is also needed for this, and the signing of free trade or preferential trade agreements, to increase Bangladesh's overall competitiveness in trade and commerce should also be added in the STS planning and implementation. Some of the issues that should be considered in STS for Strengthening the competitiveness of trade are:

- **Improving Trade Logistics:** The importance of efficient, low-cost trade logistics is now well recognized as an important determinant of export competitiveness. After Bangladesh graduates from LDC status in 2024, the competitiveness challenge will intensify. In order to maintain their market share in the more competitive environment, it will be vital for all the firms to have timely and less costly access to raw materials, maintain their production schedules and ship their products to their buyers on time. Operational efficiency at the ports must be radically enhanced to ensure lower turnaround time for vessels in order to benchmark good productivity and performance in this port. High efficiency in import clearance at ports is critical for export competitiveness. Adopting measures for trade facilitation and business process improvement should be considered in STS for strengthening competitiveness.
- **Improving the investment Climate:** Despite progress with the policy environment for the private sector that has spurred the expansion of private investment, the overall investment climate for Bangladesh remains substantially weaker than those found in competing countries. Bangladesh has taken some positive steps to address the serviced land constraint through industrial parks and special economic zones. This is a welcome move. Speedy completion of all ongoing facilities and making those available on a timely and business-friendly way will be an important factor to spur domestic and foreign investment. Bangladesh should focus top attention on reducing the time it takes in the country to (i) get electricity; (ii) register property; (iii) obtain credit; (iv) trading across borders; (v) enforce contracts; and (vi) resolve insolvencies. If carrying out reforms addressing these issues results in an improvement of the country's rank for Ease of Doing Business, this should give a positive signal to potential investors around the world that the climate for investment in Bangladesh is improving due to sincere efforts by the government. A time bound action plan with specific targets for ranking improvements in the above areas should be developed with the STS.
- **Improving technology Transfer and Market Access through FDI:** the role of foreign direct investment (FDI) in promoting export-oriented industrialization has attracted considerable attention in recent times. FDIs with their better technological and managerial skills and knowledge about international marketing

conditions, are expected to improve the productivity as well as export performance of host country firms by creating certain positive externalities known as 'spillovers'. Spillovers can take place when FDI improves the productive efficiencies of domestic firms, making their products efficient in price and quality in the international market and thus improving their export performance. STS should consider scope of technology Transfer and Market Access through FDI.

- **Strengthening Labor productivity through Investment in Human Capital**: Bangladesh is abundantly endowed with low-cost labour that provides the basis for comparative advantage in producing and exporting labour intensive products. Indeed, the RMG revolution is a prime example of how Bangladesh gained global market share based on low labour cost. Yet, it is also recognized that labour productivity in Bangladesh is very low. A major challenge in the post-graduation world for Bangladesh would be to increase labour productivity through large investments in human capital and other policy changes. This perhaps holds the key to successful graduation from LDC status. STS needs to consider and outline creating global standard human capital for strengthening labor productivity. National Skill Development Corporation (NSDA) is working on the labor skill development for post LDC competitiveness enhancements, these need to be embedded in national plans accordingly.

- **Strengthening the Institutions for Trade & Industry:** As Bangladesh graduates out of its LDC status, it will need to be cognizant of some WTO rules that it had hitherto ignored - particularly, those relating to levels of protective tariffs and para-tariffs. Other multilateral disciplines will also come into play, such as rules governing intellectual property, subsidies, standards, and trade-related investment, which are going to be the same for developing and developed economies. Also, economic institutions in Bangladesh will have to start getting ready to face and conform to a more competitive and rules-based global trading environment in the future. Nevertheless, trade facilitation with improved customs infrastructure and administration will remain effective mechanisms to promote exports while being consistent with multilateral rules which should be addressed in the STS development

6.2.3 A Smooth Transition Package in Favour of Members Graduating from the LDC Category and MC12 Outcome

Chad on behalf of the LDC Group prepared a proposal for Smooth Transition Package in favour of Members Graduating from the LDC Category. This proposal urged that leaving the LDC category also implies that graduating countries lose access to the LDC-specific international support measures (ISM), which have contributed to their socio-economic development. In recognition of this challenge, UN General Assembly Resolutions 59/209 of 2004 and 67/221 of 2012 on smooth transition invites all Members of the WTO to consider extending to graduated countries the existing Special and Differential Treatment measures and exemptions available to LDCs for a period appropriate to the development situation of the country. The resolutions also invite LDCs trading partners to establish procedures for extending or phasing out preferential market access over a certain period. Regarding this issue, in December 2020, the LDC Group circulated a draft Ministerial decision on "Trade-related Challenges of the LDCs and Way Forward" (WT/GC/W/807).

Given the critical importance of this topic and the need to achieve concrete deliverables at MC12, the LDC Group proposed an interim arrangement for smooth LDC transition by calling on Members granting LDCs unilateral trade preferences, to have procedures in place to extend and gradually phase out their preferential market access scheme for graduated countries over a period of six to nine years. The draft decision also proposes to instruct the Sub-Committee for Least Developed Countries to prepare a package of support measures in favour of the LDCs after their graduation and report to the General Council at its first meeting in 2023. Overall, this proposal tries to accommodate some of the concerns raised by Members in discussions so far.

Recognizing the need to establish an effective procedure supporting the smooth transition of graduated LDCs towards their new status, through extending the LDC-specific trade-related support measures over a reasonable period of time;

Unilateral trade preferences in favour of LDCs

1. Members granting unilateral trade preferences to least developed countries shall seek to have procedures in place to extend and gradually phase out their preferential market access scheme over a period of six to nine years after the entry into force of a decision of the UN General Assembly to exclude a country from the least developed countries category.

Package of support measures in favour of graduated LDCs

2. We instruct the Sub-Committee for Least-Developed Countries to prepare a package of support measures to be applied to any LDC Member from the effective date of its graduation following a UN General Assembly decision excluding that Member from the LDC category, and to report to the General Council at its first meeting in 2023.
3. The package of support measures referred to in paragraph 2 shall apply automatically, equally and unconditionally to all graduated LDCs for a uniform period of time after their exclusion from the LDC category.
4. Support measures covered under the package shall include:
   i. WTO provisions and decisions related to special and differential treatment or exemption in favour of LDC Members;
   ii. LDC specific technical assistance and capacity building facilities provided under the WTO system;
   iii. Any other relevant measure or exemption in favour of LDCs.

MC 12 Outcome related to Smooth Transition

The MC 12 outcome recognize the importance of facilitating smooth and sustainable transition for LDC countries but the draft decision prepared by LDC group is not accepted as decision of the conference. The outcome of the MC 12 ''acknowledged the particular challenges that graduation presents, including the loss of trade-related international support measures, as they leave the LDC category''. The MC further urged to 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'' but no decision was made in favour of granting the aforementioned support measures.

Chapter 7: Insights Gathering

7.1 General Insights

The general insights derived from the multiple consultation sessions with the stakeholders are those of concerns about (i) reduction in export volume and earning due to preference erosion and increased competition in the major destinations; (ii) more stringent terms and conditions of technical and financial assistance; (iii) compliance capability of Bangladeshi industries with the laws and regulations regarding intellectual property rights, human and labor rights, and environment; and (iv) macroeconomic stability.

7.2 Policy and Regulatory Insights

This area mostly concerns the 27 international conventions and regulations Bangladesh has to ratify or adapt as pre-conditions for eligibility for GSP Plus benefits. Additionally, if Bangladesh tries to reach FTAs and PTAs, there will be regulatory reforms required in the policy and regulatory frameworks of investments, taxation, and subsidies.

7.3 Key Informant Interviews

The study's primary purpose was to meet the goals and concerns of the client and stakeholder groups. A total of twenty (20) KIIs were performed for the study, with representatives from the top government officials, representatives from think tanks, academia, and businesses responsible for handling matters of trade, investments, and policy issues. A list of the respondents and the questionnaire are provided in the annex. The questionnaire raised the issues related to LDC graduation, such as, continuation of export earnings and competitiveness in the face of preference erosion, and other trade related preferential treatments and exemptions; the post-graduation impact on trade and employment, technical and financial assistance, and various support measures; challenges faced in stabilizing the macroeconomic parameters; issues of bilateral and regional agreements for trade, investment, and economic cooperation, and the overall sustainability of Bangladesh in socio-economic development and growth. The KIIs were conducted using three methods: telephone interviews, email interviews, and face-to-face interviews. Twenty participants participate in the key informant interview. The detailed list of the participants is enclosed in the **Appendix 1.**

7.4 Focus Group Discussions

Two Focus Group Discussions (FGDs) were held on 12 June 2022 participated by a total of 17 stakeholders to discuss the implications of LDC graduation. The FGDs were held simultaneously on June 12 2022, at 9:30 AM in Conference Room and Classroom 2 BFTI, Dhaka. The participants in the FGD were 18 in number. Each FGD contained 10 Members. Mr. Dr. Md. Jafar Uddin, the CEO of BFTI was present as the Chief Guest at the Focus Group Discussion. Mr. Md. Obaidul Azam, Director, BFTI delivered the welcome remarks and moderated the discussion as Chairperson of the Focus Group Discussion Session. The topics discussed in line with the checklist provided were the same as discussed in the KIIs, which were preference erosion, possible extension of the transition period, strategies for coping up with the challenges of reduced exports and macroeconomic management. The issues of trade and investment agreements and improving productivity, governance, implications of TRIPS Agreement, subsidy management, and inter-agency cohesion came up as important issues in the discussions. The list of participants in the FGDs is enclosed in the **Appendix 2**.

7.5 Public Consultation

A public consultation session was held in 21 September 2022 at BFTI Conference Room with participation by 28 stakeholders from the public and private sectors, think tanks, in addition to BFTI officials. The public consultation session included presentation, panel discussion, expert remarks, and open discussion among the stakeholders. The list of participants at the public consultation is listed in Appendix 3.

Table 40 Insight Matrix of KII, FGD and Public Consultation

Objectives	Primary Data Collection Sources	Comment from Stakeholders
Strategies for overcoming Bangladesh's graduation challenges	**KII**	• Bangladesh can strengthen its economic diplomacy • Continue negotiation with its trade partners for signing PTA, FTA, and CEPA for overcoming Bangladesh's graduation challenges. • The practices of regulatory and business process in trade of our competing export destinations such as India, Pakistan, Sri-Lanka, Vietnam, Cambodia, China, Korea, and Malaysia, Philippines, Indonesia and others are taken into account for trade facilitation. • RCEP (ASEAN), Russia-CIS (EAEU) block, GCC, African Continental Free Trade Agreement, APEC, MERCOSUR (Southern Common Market) etc. can be joined.

Objectives	Primary Data Collection Sources	Comment from Stakeholders
		• We need to determine our capacity in terms of international standards, quality, and price competitiveness as we are promoting made in Bangladesh • Academia and industry linkage need to be enhanced to face the challenges of graduation.
	FGD	• About LDC inter-organizational coordination- 7 subcommittees of PM are working, one is led by BIDA- made in Bangladesh branding, one is working on TRIPS issues, and the Ministry of Finance is working on local industry improvement. • Bangladesh may need to review its cash subsidies against export and in agriculture sector to comply with the Agreement on Agriculture and the Agreement on Subsidies and Countervailing Measures.
	Public Consultation	• Bangladesh may continue receiving benefits under the new EBA Plus scheme. • The GSP Plus scheme will be applicable for Bangladesh once Bangladesh fulfills the obligations of 27 international conventions. • Bangladesh needs to align intellectual property rights and sectoral regulations for the pharmaceutical industry for meeting requirements of the Agreement on Trade-Related Intellectual Property Rights (TRIPS).
Existing S&DT benefits for major exporting products and countries enjoyed by Bangladesh	**KII**	• S&DTs enjoyed by Bangladesh as an LDC are in the form of: Extended period for Implementation of obligations through granting of transition period (e.g., TRIPS till end of 2032. • Flexibility of commitment regarding the use of policy instruments and obligations (e.g. Category A, B and C Trade Facilitation Agreement).
	FGD	• Bangladesh also enjoying waivers granted to allow offering countries preferences to providers from LDCs (e.g., services waiver to LDCs in GATS)
	Public Consultation	• Bangladesh is currently receiving trade-related technical, legal, and monetary assistance (such as funding from the EIF Technology Bank).

Objectives	Primary Data Collection Sources	Comment from Stakeholders
Potential opportunities and losses of S&DT benefits after graduation and policy recommendation	**KII**	• Presently, more than 70 percent of the external trade of Bangladesh enjoys duty-free access as an LDC. • In the absence of GSP facilities after LDC graduation, exports to the EU markets may decline significantly. • BGMEA study shows that RMG exporters will miss US$4 billion in the EU when the duty-free trade facility comes to an end. • Exports will decline, as most of Bangladesh's exports are through the adoption of S&DT as LDCs. For example, in the EU, Bangladesh enjoys EBA benefits. • Declining exports will adversely affect employment and the Backward Linkage Industry. • RMG sector will get massive impact, mostly woven sector will be impacted, and knit will not be impacted. • After graduating from the list of LDCs, Bangladesh's export to the RCEP region will face tariffs and NTBs, which may worsen the existing trade deficits. • Joining RCEP may boost the Bangladesh economy especially in the context of the pandemic-induced slowdown. • Connecting Bangladesh to regional and global markets, we can send out a positive signal to foreign investors. • New Regional Trade Agreements can be done, as well as SAFTA can be strengthened.
	FGD	• If Bangladesh could merely reach an FTA agreement beyond the GSP+ after graduation, the tariff rate facilities could be gradually reduced.
	Public Consultation	• The transition from LDCs does come with a cocktail of challenges and opportunities. To avoid these challenges, the country should diversify its export basket by promoting the export of new products—e.g. plastic items, leather goods, frozen foods, etc. • The government may analyse the new markets in different regions, such as Latin America, the Middle East, etc. and formulate strategies for penetrating those markets as part of diversifying export destinations.

Objectives	Primary Data Collection Sources	Comment from Stakeholders
		• Phase-by-phase preparation, implementation of LDC specific strategic plan, and proper monitoring are needed to deal with post-graduation challenges.
Possibility of negotiating a transition period with trading partners, like in the EBA for graduating LDCs	**KII**	• Bangladesh can take practical steps to diversify its export basket which is still extremely narrow in terms of both market size and diversity of export items. • If Bangladesh wishes to continue the facility, then all the graduating countries have to propose a certain time frame which could be 3 years or 5 years transition period.
	FGD	• One to one negotiation with Bangladesh's exporting countries can be more effective, like the recent TIFA (Trade and Investment Framework Arrangement between BD and United States). • Bangladesh now has a grace period, but still need more time—say, five or six years—and diplomatic efforts to gradually lower the tariff rate for the next stage.
	Public Consultation	• Graduation does not cause abrupt disruption in the LDCs trade in goods and services. • Bangladesh and LDCs may urge UN Committee Development Policy (CDP) to provide a preparatory transition period of nine years from the date of recommendation for graduation from LDC status by the United Nations-Committee for Development Policy (UN-CDP) with the continuation of ISMs and S&DT benefit.
Possibilities to introduce Special International Support Measures (SISM)	**KII**	• Bangladesh can attract foreign investment by creating an enabling environment, which includes building advanced infrastructure, skilling human resources and maintaining political stability. • Bangladesh can go for country specific agreement so that local domestic producers is not affected due to FTA signing
	FGD	• It would be better to keep and maintain EIF or similar support systems for a longer time • Technical knowledge gaps are also needed to identify. • Private sectors should march forward and provide more concentration on the case of knowledge generation, R&D, new technology development, investment, etc.

Objectives	Primary Data Collection Sources	Comment from Stakeholders
	Public Consultation	• Funding needs to be increased for new product development, new technology adoption, and R&D as the country has inadequacy in such area. • Govt. and private sector collaboration is also needed for boosting product diversification and market diversification.
Creation of new market access for GSP+ like facilities	**KII**	• As an alternative to GSP+, Bangladesh can export to least developed countries like Latin America, South Africa, etc. • It can increase the export level and revenue of our country.
	FGD	• Bangladesh can evaluate its economic eligibility and political scope for applying to the EU's GSP+ scheme and assess opportunities for bilateral and multilateral negotiations on market access, including the RCEP and FTA of the Asia-Pacific. • Improving brand image of Bangladesh
	Public Consultation	• Bangladesh can develop a strategy for retaining an existing market access in the countries currently providing DFQF market access to Bangladesh as being a LDCs. • On the worldwide market, jute items and raw jute are in demand. • Jute has the potential to diversify our products
Formulating a Smooth Transition Strategy (STS) keeping maximum S&DT facilities	**KII**	• During the preparatory period, Bangladesh can continue the preparation for graduation (smooth transition strategy, STS) in consultation with UN RCO, the UN System, development and trading partners, the private sector, CSOs, and other relevant stakeholders.
	FGD	• Government initiates a country-led preparatory process for LDC graduation. • Strategic engagement of the international community at the outset and the Government having clarity on the support it will need to be enhance throughout the graduation process. • Linkages can be identified with a country's Voluntary National Review (VNR), Diagnostic Trade Integration Study (DTIS), WTO Trade Policy Review, its poverty reduction and growth strategy and national development strategy.

Objectives	Primary Data Collection Sources	Comment from Stakeholders
		• Elements of an STS can be incorporated into these documents, depending on the stage of each.
	Public Consultation	• Bangladesh should utilize existing national consultative mechanisms. • An existing or new mechanism needs to be integrated with other relevant consultative processes and initiatives between the graduating country and its development partners.

7.6 Summary of Findings from KII, FGD and Public Consultation

Bangladesh needs to formulate comprehensive strategies for overcoming Bangladesh's graduation challenges. Based on the findings of the KII, FGD and Public Consultation, it was acknowledged that S&DTs benefits are enjoyed by Bangladesh as an LDC in the form of: Extended period for Implementation of obligations through granting of transition period (e.g., TRIPS till end of 2032), flexibility of commitment regarding the use of policy instruments and obligations (e.g. Category A, B and C Trade Facilitation Agreement). Bangladesh is also enjoying waivers granted to allow offering countries preferences to providers from LDCs (e.g., services waiver to LDCs in GATS). Presently, more than 70 percent of the external trade of Bangladesh enjoys duty-free access as an LDC. In the absence of GSP facilities after LDC graduation, exports to the EU markets may decline significantly. Bangladesh needs to strengthen its economic diplomacy and may continue negotiation with its trade partners for signing PTA, FTA, and CEPA. Joining of regional blocs such as RCEP (ASEAN), Russia-CIS (EAEU) block, GCC, African Continental Free Trade Agreement, APEC, MERCOSUR (Southern Common Market) etc. may also be way out to regain preferential treatments in trade. Bangladesh may pursue continuation of receiving benefits under the new EBA Plus scheme.

Chapter 8: Recommendation and Way forward

Graduation from LDC is a major milestone as it is both a reflection of the economy's resilience and recognition by the international community. Therefore, the march towards the development goals of Perspective Plan 2041 must continue. The loss of LDC benefits will create critical challenges in terms of the end of special and differential treatment (S&DT) under WTO and potential loss of exports that could affect tariff protection, export subsidies, agriculture sector, pharmaceuticals and the RMG sector.

Additionally, the LDC graduation is coming at a time when the global environment for trade is becoming more constrained due to de-globalization trends from economic nationalism and protectionist policies in the USA and some other OECD countries. Meanwhile, the Forth Industrial Revolution (4IR) is posing a major challenge for employment owing to technology-driven capital-intensive production and automation. All these changes in the external sector will need to be managed deftly starting from now in order to be well prepared for a smooth transition for Bangladesh after graduation.

In preparation to face the upcoming LDC Graduation and other development challenges, the government has already initiated major development strategies and associated reform programmes such as the Perspective Plan 2021-2041 and the associated macroeconomic framework and the Delta Plan. Their solid implementation can help overcome the challenges posed by LDC graduation as well as the challenges and vulnerabilities emerging from trade shocks. Our study identified some of the major strategies to overcome the graduation challenges in Chapter 5. The specific reforms that need to be implemented to avoid the export and GDP shock from LDC graduation are summarized below:

- Strengthen the implementation of a prudent macroeconomic framework through tax and tariff policy reform and ensure resource mobilization to increase the tax-to-GDP ratio by at least 10% by FY2025-26.
- Counter the probable export losses from LDC graduation by diversifying the export base which requires a pragmatic measure, like minimizing the anti-export bias of trade policies and reducing the cost of doing business.
- Rationalize the large trade protection through tariffs and para tariffs as this policy has provided strong incentives to production for the domestic market where rates of return are much higher than exports owing to protection.
- Bangladesh needs to concentrate more on facilitating private sector investment as the private sector is the engine of growth for Bangladesh.
- Investment-friendly environment should be created by transforming the state's role as a facilitator of trade and investment while addressing barriers to productivity growth.
- Special importance should be given to focus on how to deal with alternatives to export subsidies as an instrument for export promotion in the post-LDC graduation world.

- Tariff and para-tariff structures must be revisited to make them consistent with trade and industrialization strategy.
- Significant reforms are needed in setting up trade and industrialization policy based on a clear industrial strategy focused on investment, job creation, production and exports.
- Rationalizing tariff protection to balance incentives between exports and domestic production/sales of import substitutes need to be ensured, as Tariffs raise the relative profitability of domestic sales compared to exports, thus discouraging production for exports.
- Trade and tariff policies should be adjusted through a five-year program of adjustment culminating in a trade and tariff regime that is similar to other developing economies.
- Both external (opening markets by seizing opportunities of bilateral, regional and plurilateral agreements) and domestic content (eliminating anti-export bias by balancing incentives for exports and domestic sales) of trade policy will have to be revamped to fit the demands of a dynamic global market and an export-oriented trade regime.
- Bangladesh could target FTA with countries that have already shown interest, such as Malaysia, China, India (post-LDC, as SAFTA, already gives market access), and Thailand.
- Bangladesh needs to strengthen its competitiveness and diversify its export to improve export performance to engender faster growth.
- The transport and logistic sector including customs, shipping associations are needed to be strengthened to make trade easier and competitive.

In addition to the above recommendations Bangladesh may adapt the following measures for **retention of S&DT provisions**

- Bangladesh may use the special dispensation for LDCs for the remaining years (until 2026) but she will have to prepare for the stiffer competition in the global market, once the preferential access provisions evaporate following graduation.
- Bangladesh may seek market access under various bilateral and regional trade and investment agreements, especially two regional trading arrangements that hold tremendous potential for trade and investment which are RCEP (ASEAN+) and CPTPP which may constitute the majority of the future Asian market. Bangladesh may enter into these regional blocs.
- Public and private sector should have a clear understanding of the implications of each of relevant WTO regulations, especially the Agreement on Subsidies and Countervailing Measures (SCMs), Agreement of Agriculture (AoA) and TRIPS Waiver for the Bangladesh economy.
- As the Committee on Agriculture maintains the list of WTO NFIDCs, Bangladesh being a net importer of basic foodstuffs can request the Committee to be included in the WTO NFIDC list as per the agreed procedure.[155] One precedent for such a situation is Maldives, which upon graduation was included in the WTO NFIDC List in 2011 based

[155] WTO list of NFIDCs: G/AG/5/Rev.10 (last updated 2012).

on their request to the Committee on Agriculture. Moreover, some agricultural products of India are under the NFIDC list of WTO. Bangladesh is dependent on the import of agro-food products such as onion, sugar, and edible oil and has many possibilities to be included in the NFIDC list.

- Bangladesh will have to carefully consider its export support policy options in the post-graduation period. It is to be noted, many countries provide different subsidies and may not inform the WTO regularly. After LDC graduation, if subsidies are not eliminated, other WTO members could take action against Bangladesh under Article 4 of Subsidies and Countervailing Measures (SCM) of the WTO and ask for the withdrawal of the subsidy. So incentives alternatives to export subsidies should be explored.
- Examples of other developing including those of India, can be studied and localized for modification of subsidies into other forms of promotional and productivity incentives, such as, towards Research and Development, Capacity Building in quality infrastructure, central warehouse and logistics management, etc. Some details are briefly described in the following section.
- Considering the current global economic crisis due to the Ukraine-Russia war, the government may request for extending transition period for availing the S&DTs from WTO and other regional and multilateral trade agreements.

Some incentives alternative to export subsidies:

- **Incentives for compliance with standards:** Incentives may be provided in maintaining environment, social and quality (ESQ) compliance. For example in Vietnam, the RMG products meeting the EU quality standard are taxed at a reduced rate of 10 percent for 15 years despite having 20% Corporate Income Tax in general. Incentives should be the same for both domestic and foreign invested industries.[156]
- **Incentive of Research and Development (R&D):** Income that is earned from research and technological development activities may be exempted from Corporate Income Tax (CIT) like that of Vietnam.
- Bangladesh may adopt Remission of Duties and Taxes on Export Products (RoDTEP) scheme like that of India through which various taxes and duties are rebated. The scheme is WTO compliant.[157]
- For attracting more investment in the RMG sector, India's Production Linked Incentives (PLI) scheme may be followed (mentioned in section 5.8) and replicated which has been formulated to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in India.
- As an alternative to cash incentives, incentives for HR development may be provided.

[156] Acclime Vietnam (2021) Vietnam Tax Guide 2021, available at https://vietnam.acclime.com/downloads/guides/Vietnam-Guide-Tax-2021.pdf

[157] India's notification No. 76/2021- Customs (N.T.) dated 23.09.2021, retrieved from, https://cleartax.in/s/rodtep-scheme

- Bangladesh, like China and India, may implement an indirect subsidy program in the areas of transportation, and energy after graduation.
- Subsidy in infrastructure may be a substitute of direct subsidy after LDC graduation.

8.1 Sector-wise recommendations:

Recommendations for RMG Sector: Bangladesh should make strong backward linkage and forward linkage for RMG sector, necessary steps need to be addressed and proceed accordingly.

- Available support to boost the sector such as tax holiday, VAT exemption for import and some non-fiscal supports for instance sectoral roadmap, among most prioritized sectors in export policy 2021-24, listed in BIDA potential sector, amongst highest priority sector in industry policy 2016;
- Available sectoral market information for branding or export promotion is prerequisite nowadays which can be gathered by sector specific studies and exposition;
- Need to shift market concentration in non-traditional markets so that it can gradually move upwards in its industrialization pathway;
- Continuous dialogue regarding new technology so that the financing institutions have relevant knowledge to financing in new technologies, innovation and best manufacturing practice;
- Initiatives for extending EU-GSP facilities until 2030 and negotiation for GSP+;
- Providing supports for maintaining compliance issues and strengthening advance ruling system;

Recommendations for Leather sector:

- In order to overcome potential trade loss after LDC graduation challenge, leather sector need to increase its efficiency and productivity. Production processes need to be streamlined with international standards and skills of the workers in this sector needs to be enhanced. Bringing business and academia at the same page, initiating training development programs for employee productivity enhancement can be effective.
- Export incentives and policies such as tax holidays and duty-free imports of raw materials and machinery for export-oriented industries should be utilized fully to magnify existing leather businesses', backward linkage businesses and SMEs' capabilities and potential to enhance exports of leather and leather goods.
- Utilization of abundant domestic raw hides should be ensured. Measures should be taken for smoothly souring indigenous raw materials and reducing lead time of accessories.
- For improving raw material availability, backward linkage and supporting industry comprising leather, lining materials, accessories, soles, lace, metal trims, metal and plastic accessories, and mold factories need to be developed.
- Market access can be improved by pursuing different agreements i.e. FTA, PTA, RTA and etc. with potential countries. Negotiation should outline specific treatments for leather products.

- Fresh investment (local and foreign) should be encouraged in the leather sector. Building technology center, common facility centers, special economic zone leather industrial parks can bring in new investments.
- Value addition, product and market diversification may be encouraged through special incentive schemes.

Agriculture Sector:

- To ensure human Resource Development in agro sector the government may take initiative to provide season-based training to farmers and training for women and youth in agricultural food processing, marketing and packaging. In this regard, Strengthening DAE and Plant Quarantine Wing (PQW) by engaging more technical personnel in DAE and PQW would be required. Technical training may be provided to DAE and PQW officials.
- The government may stablish world class food processing industrial technology institutes with specialized courses in food processing technologies in association with universities and institutions in developed countries and F.A.O.
- The government may provide subsidies related to transport, handling, and packaging according to article 9.4 of WTO agreement on agriculture.

Plastic Sector:

- High dependency on imported raw materials may be reduced with the establishment of trading houses or central bonded warehouse. This will ensure bulk import of raw materials. The government may take initiatives to make bonded warehouses in this regard. Central bonded warehouses may be established in free trade zones or special economic zones so that manufacturers receive lower prices and face shorter lead times during the procurement of raw materials.
- The government may extend incentives available to the RMG sector to the plastic industry. Such as, special funds of multilateral and bilateral agencies, Green Transformation Fund and duty exemption on fire safety equipment may also be made available to the plastics sector like the RMG sector.
- Internationally accredited testing and certification agency in collaboration with internationally reputed institutions should be set up for plastic products in Bangladesh. The BSTI in Bangladesh provides certification only nationally. And the standard set by BSTI cannot meet the international standards. BSTI should come up with signing of more accreditation agreement with other potential countries other than India. With the pandemic of COVID-19 has led to the urgency of standard setting and compliance for the MPPE products. Centralized lab for testing may be set up for testing.
- The government should create a single window clearance mechanism for the approval of FDIs. Commercial banks should also be allowed to process the payments to prevent delays in duty drawback refunds. Trade logistics is an area that needs reform and up gradation.

- The supply chain of plastic sector products needs to be developed. Creating more connectivity, developing government infrastructure and improving policy incentives are required for every stage from importing raw materials to exports. Appropriate policy instruments attract traders in this sector which in turn will boost its export.
- Negotiation skills should be developed in order to sign FTA or other agreements with potential trading blocs or countries. This will in turn help export of plastic products to the countries.

Light Engineering including Electronics and Electrical Sector:

- Bangladesh should make strong backward linkage and forward linkage for light engineering sector including electronics and electrical products, necessary steps need to be addressed and proceed accordingly.
- Need to shift product concentration in light engineering sector including electronics and electrical so that it can gradually move upwards in its industrialization pathway;
- Available support to boost to the sector such as tax holiday, VAT exemption for import of raw materials and some non-fiscal supports for instance sectoral roadmap, among most prioritized sectors in export policy 2021-24, listed in BIDA potential sector, amongst highest priority sector in industry policy 2016;
- Available sectoral market information for branding or export promotion is prerequisite nowadays which can be gathered by sector specific studies and exposition;
- Common facility Centers (CFCs) should be established in the clustered areas, so that assistances like marketing centers, testing laboratory centers, quality measuring centers can be provided to a group of industries in the same area;
- Special measures should be taken for small and medium enterprises (SMEs) as most of the light engineering and electrical industries are included in that category.

Recommendations for pharmaceutical sector:

- Embed TRIPS and pharmaceutical waiver elements for LDC in the April 2022 Patent Act so that no legal issues can be raised now and later.
- Upgrade National IP policy 2018 keeping in the purview TRIPS flexibilities till November 2026. The regulatory authority should further review IP, API and FDI policies and incentives in preparation of TRIPS compliance regime following graduation in 2026.
- All the fiscal and non-fiscal support provided by government needs to be exploited sot that domestic industries become prepared for graduation challenges.
- Expedite registration and marketing authorization of pharmaceutical product in abroad, where the Bangladesh embassy will provide catalytic support role to coordinate and collaborate with the respective national regulatory authority (NRA).
- The government might simplify regulatory requirements for new investments or encourage FDI in the API sector. For firms striving toward higher levels of quality improvement, working with the global industry through some form of joint venture, licensing. Partnerships with Global Firms MNCs can operate in a country in multiple ways,

including foreign direct investment (FDI), contract manufacturing, joint ventures and strategic partnerships or licensing.

- Market and product diversification opportunities should be explored for the pharmaceutical products. Also, before graduation, with fiscal and non-fiscal support government can facilitate export promotion for creating a strong brand image of Bangladeshi pharmaceutical products in the global market.

Conclusion

Although Bangladesh has so far been one of the few least affected countries from the global trade turmoil, it may not be immune from the unfolding global trade challenges. Due to the ongoing Russia- Ukraine war, higher inflation rate in Europe and USA and all over the world, export sectors may be affected. As the developed economies are the most prominent export destinations, their difficulties in attaining full-speed recovery may hamper future export prospects of Bangladesh. Furthermore, some countries are opting for protectionism. Coping with rising protectionism in the world economy is going to be a major challenge for many capacity-constrained developing countries including Bangladesh. Under the circumstances, incorporating trade issues into every stage of the development planning cycle will be important. This must be underpinned by strong inter-ministerial coordination and consultative processes with a wide range of stakeholders so that smooth transition process can be ensured for Bangladesh. In this regard, the National Committee on LDC Graduation (NCG) formed under the Chairmanship of the Principal Secretary to the Hon'ble Prime Minster and seven thematic subcommittees[158] may play vital role for ensuring sustainable graduation.

[158] National Committee on LDC Graduation, Prime Minister's Office, Government of Bangladesh. (February, 2023). Preparedness For Graduation with Momentum: Strategies for Coping with Challenges and Tapping New Opportunities

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Appendices

Appendix 1: List of Participants of KII

SL.	Respondent Name	Designation	Name of the Organization
1.	Mr. Rizwan Rahman	President	Dhaka Chamber of Commerce & Industry (DCCI)
2.	Mr. Md. Jalal Uddin	Assistant General Manager	Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)
3.	Mr. Md. Enamul Hafiz Latifee	Joint Secretary (Research Fellow)	Bangladesh Association of Software and Information Services (BASIS)
4.	Mr. Mohammad Rayhan	Research Officer	Bangladesh Trade and Tariff Commission (BTTC)
5.	Mr. Md. Nowab Pramanik	Examiner of Accounts	Registrar of Joint Stock Companies And Firms (RJSC)
6.	Mr. Ali Ahmed	Deputy Secretary	Bangladesh Textile Mills Association (BTMA)
7.	Mr. Asif Ayub	Joint Secretary General	Metropolitan Chamber of Commerce & Industry, Dhaka (MCCI)
8.	Mr. Kumkum Sultana	Director (Policy & Planning)	Export Promotion Bureau (EPB)
9.	Mr. Mashiur Rahman		Bangladesh Bank
10.	Mr. Khairul Kabir	1st Secretary	National Board of Revenue (NBR)
11.	Mr. Md. Mamunur Rahman		The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
12.	Mr. Md. Afsarul Areefin	Secretary General	Dhaka Chamber of Commerce & Industry (DCCI)
13.	Mr. Monzurul Hossain	Research Director	Bangladesh Institute of Development Studies (BIDS)
14.	Mr. Manzur Ahmed	Advisor	The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
15.	Mr. Mohammad ileas Mia	Director-1 (Deputy Secretary)	WTO Cell, MoC
16.	Mr. Jillur Rahman	Associate Director (Research and policy)	Research and Policy Integration for Development (RAPID)
17.	Mr. Md Khairuzzaman Mozumder	Additional Secretary	Finance Division

SL.	Respondent Name	Designation	Name of the Organization
18.	Mr. Mohammad Jahirul Quayum	Deputy Secretary	Finance Division
19.	Mr. Md. Ariful Hoque	Director (Registration & Incentives-1 (Commercial)	Bangladesh Investment Development Authority (BIDA)
20.	Mr. Mohammed Yunus	Senior Research Fellow	Bangladesh Institute of Development Studies (BIDS)

Appendix 2: List of Participants in Focus Group Discussions

Sl.	Name	Designation	Organization
1	Ms. Nahid Afroz	Deputy-Secretary	Export Wing, Ministry of Commerce
2	Mr. Md. Salehin Surfaraz	Deputy Executive Secretary	Dhaka Chamber of Commerce & Industry (DCCI)
3	Mr. Mohammad Jahirul Quayum	Deputy Secretary	Macroeconomic Wing, Ministryof Finance
4	Mr. Ardhudu Shakkhor Roy	Secretary-General	Bangladesh Chamber of Industries(BCI)
5	Mr. Major General Amjad Khan Chowdhury	Secretary-General	Leather goods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)
6	Mr. Evance Rozario	Executive, Marketing Dept.	Bangladesh Agro-Processors' Association (BAPA)
7	Mr. Shafqat Sadat Chowdhury	Research Officer	Policy Research Institute(PRI)
8	Mr. Md Ariful Haque,	Director (Deputy Secretary)	Bangladesh Investment Development Authority(BIDA)
9	Ms. Hazera Akther	Assistant Professor	University of Dhaka(DU)
10	Mr. Akter Hossen	Joint Commissioner	NBR
11	Mr. M. Abdur Rahman	Deputy Chief	MCCI
12	Mr. Saif Uddin Ahammad	Joint Secretary	FTA Wing, MoC
13	Ms. Rakhi Ahmed	DD	EPB
14	Mr. Enamul Hafiz Latifee	Research Fellow	BASIS
15	Syeda Shahnewaz Lotika		ICCB
17	Mr. Mohammad Ileas Miah	Deputy Secretary	WTO Cell, MoC
18	Mr. Md. Fazullah Hasan	Represntative	Future Sky Ltd.

Appendix 3: List of participants of the Public Consultation

Sl.	Name	Designation	Organization
1.	Mr. Md. Hafizur Rahman	Additional Secretary (Director general)	WTO cell, Ministry of Commerce.
2.	Mr. Md. Munir Chowdhury	National Trade Expert, Bangladesh Regional Connectivity Project-1 & Ex DG, WTO Cell, Ministry of Commerce	Bangladesh Regional Connectivity Project-1
3.	Mr. Md. Ariful Hoque	Director	Bangladesh Investment Development Authority (BIDA)
4.	Mr. Mohammad Jahirul Quayum	Ministry of Finance, Deputy Secretary	Ministry of Finance
5.	Mr. Sharif Rayhan Kabir	DS (FTA Wing)	Ministry of Commerce
6.	Mr.Masudul Haque Prodhan	Senior Research Associate	Policy Research Institute (PRI)
7.	Mr. Mahamudul Hassan	Asst. Executive Secretary	Dhaka Chamber of Commerce & Industry (DCCI)
8.	Mr. Mir Sharif Ahammad	Deputy Executive Director	Walton
9.	Ms. Kaniz Fatema	Senior Research Associate	BUILD
10.	Mr. Ziaul Islam	Additional Deputy Director	Department of Agricultural Extension (DAE)
11.	Mr. Jalal Uddin	Asst. General Manager	Leather goods & Footwear Manufacturers & Exporters

Sl.	Name	Designation	Organization
			Association of Bangladesh (LFMEAB)
12.	Mr. S. Ahmed Mazumder Senior Vice Chairman	Senior Vice Chairman	Bangladesh Jute Goods Exporters' Association (BJGEA)
13.	Mr. M. Abdur Rahman	Deputy Chief	Metropolitan Chamber of Commerce & Industry (MCCI)
14.	Mr. Md. Shahidul Islam,	First Secretary	NBR (Customs)
15.	Ms. Kumkum Sultana	Director	Export Promotion Bureau (EPB)
16.	Md. Jahangir Alam Shovon	Executive Director	e-Commerce Association of Bangladesh (e-CAB)
17.	Mr. Rahath Ahmed	CMO	Paperfly Private Ltd.
18.	Mr. Ziaur Rahman	Manager (Product Development)	Pran RFL Group
19.	Mr. Md. Hafizur Rahman	Secretary	Bangladesh Fruits, Vegetables & Allied Products Exporter's Association (BFVAPEA)
20.	Mr. Mohammad Rayhan	Research Officer	Bangladesh Trade & Tariff Commission (BTTC)
21.	Mr. Md. Sajib Hossain	Sr. Asst. Secretary	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)

Sl.	Name	Designation	Organization
22.	Ms. Mahmuda Akter	Research Associate	Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
23.	Ms. Jakia Tasnim Purba	Executive	Federation of Bangladesh Chambers of Commerce & Industries (FBCCI)
24.	Mr. Shahedul Azam	Examiner of Accounts	Registrar of Joint Stock Companies And Firms (RJSC)
25.	Mr. Evance Rozario	Marketing Executive	Bangladesh Agro-Processors' Association (BAPA)
26.	Ms. Tania Islam	Deputy Secretary, Export-2	Ministry of Commerce(MoC)
27.	Mr. Humayun Kabir	Sr. QCO	Bangladesh Frozen Foods Exporters Association (BFFEA)
28.	Mr. Enamul Hafiz Latifee	Research Fellow	Bangladesh Association of Software and Information Services (BASIS)

Appendix 4: KII Questionnaire

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

বাণিজ্য মন্ত্রণালয়

ডব্লিউটিও সেল,

বাংলাদেশ রিজিওনাল কানেক্টিভিটি প্রজেক্ট-১

মূল তথ্যদাতা সাক্ষাৎকার-কেআইআই (KII) প্রশ্নাবলী- প্রথম স্টাডির জন্য

(৪টি স্টাডি, পিএসসি কর্তৃক নির্ধারিত)

প্রথম স্টাডি: বিশ্ববাণিজ্য সংস্থার স্পেশাল ও ডিফারেন্সিয়াল ট্রিটমেন্ট এবং এলডিসি গ্র্যাজুয়েশন সংক্রান্ত চ্যালেঞ্জ

Stdy-1: (WTO Special and Differential Treatment (S & DT) and Graduation Challenges)

উত্তরদাতার নাম:
পদবী:
প্রতিষ্ঠানের নাম:
প্রতিষ্ঠানের ঠিকানা:
মোবাইল নম্বর:
ইমেইল ঠিকানা:
মূল মন্ত্রণালয়/ বিভাগ (প্রযোজ্য ক্ষেত্রে:
১। এলডিসি থেকে উত্তরণ পরবর্তী সময়ে পণ্যের রপ্তানি বাজার ধরে রাখা এবং সম্প্রসারণ করার জন্য বাংলাদেশ কীভাবে স্পেশাল ও ডিফারেন্সিয়াল ট্রিটম্যান্ট (এসঅ্যান্ডডিটি) বা জিএসপি+ সুবিধা পেতে পারে? (একাধিক উত্তর প্রদান করা যেতে পারে)

পদক্ষেপ	**কারণসহ আপনার মতামত দিন**
ক. সম্ভাব্য দেশসমূহের সাথে দ্বিপাক্ষিক বাণিজ্য (PTA, FTA, CEPA) চুক্তি স্বাক্ষর	
খ. সম্ভাব্য দেশসমূহের সাথে আঞ্চলিক বাণিজ্য চুক্তি সংক্রান্ত আলোচনার মাধ্যমে (e.g. ASEAN, RCEP)	
গ. উত্তরন পরবর্তী সময়ে ক্রমান্বয়ে প্রস্তুতিগ্রহণ	
ঘ. জাতীয় কৌশলপত্র প্রণয়ন ও বাস্তবায়ণ	
ঙ. অন্যান্য (SISM measures) হলে উল্লেখ করুন	

২। বাংলাদেশের এলডিসি থেকে উত্তরণ পরবর্তী সময়ে স্পেশাল ও ডিফারেন্সিয়াল ট্রিটম্যান্ট (এসঅ্যান্ডডিটি) বা জিএসপি সুবিধা না পেলে রপ্তানি, কর্মসংস্থান ও ইত্যাদি ক্ষেত্রে বাংলাদেশের উপর কী কী প্রভাব পড়তে পারে?

৩। ২০২৬ সালের graduation-এর পর ২০২৯ সাল পর্যন্ত বাংলাদেশ S&DT সুবিধা পেয়ে থাকবে। Sustainable graduation-এর জন্য বিশ্ববাণিজ্য সংস্থার পক্ষ থেকে বাংলাদেশের ক্ষেত্রে ২০২৯ সালের পর অতিরিক্ত সময়ের জন্য S&DT Provision রাখা যায় কিনা?
৪। পণ্য ও সার্ভিস রপ্তানির ক্ষেত্রে বাংলাদেশ বর্তমানে কী ধরনের S&DT সুবিধা পেয়ে থাকে? LDC থেকে উত্তরণ পরবর্তী পর্যায়ে এ সুবিধা পেতে বাংলাদেশ কী ধরণের কৌশল অবলম্বন করতে পারে?
৫। বাংলাদেশের এলডিসি থেকে উত্তরণ পরবর্তী সময়ে স্পেশাল ও ডিফারেন্সিয়াল ট্রিটম্যান্ট (এসঅ্যান্ডডিটি) বা জিএসপি সুবিধা না পেলে বাংলাদেশ যে ক্ষতির সম্মুখীন হবে তা সমাধানে আপনার পরামর্শ কী?
৬। ২০২৩ সাল হতে ইউরোপীয় ইউনিয়নের নতুন EBA Roadmap হতে বাংলাদেশ LDC পরবর্তী কী সুবিধা (GSP+) নিতে পারে?
৭। LDC উত্তরণ পরবর্তী পর্যায়ে কীভাবে বাংলাদেশ (GSP+) সুবিধা অর্জন করতে পারে?
৮। ইতোমধ্যে যে ৬টি দেশ LDC থেকে উত্তীর্ণ হয়েছে (Botswana, Cabo Verde, Maldives, Samoa, Equatorial Guinea এবং Vanuatu) তারা কী কী ধরণের চ্যালেঞ্জ মোকাবেলা করছে?
৯। এলডিসি থেকে উত্তরণের জন্য বিভিন্ন মন্ত্রণালয়/কর্তৃপক্ষের মধ্যে আন্তঃসংস্থা সমন্বয় ব্যবস্থা কীভাবে বাড়ানো যায়?
১০। এলডিসি থেকে উত্তরণের জন্য বেসরকারি খাতের সংশ্লিষ্টতা কীভাবে বাড়ানো যেতে পারে (এলডিসি থেকে উত্তরণের চ্যালেঞ্জ সম্পর্কিত জ্ঞান বৃদ্ধিতে প্রশিক্ষণ, বিভিন্ন কমিটিসমূহে তাদের সতস্ফুর্ত অংশগ্রহণ ও মতামত প্রদান ইত্যাদি)?

১১। বর্তমানে এলডিসি থেকে উত্তরণ সম্পর্কিত কারিগরি সহায়তা (যেমনঃ Enhanced Integrated Framework (EIF), International Support Measures (ISM), Technical Assistance) হারালে বাংলাদেশ কী ধরনের পরিকল্পনা ও নীতি গ্রহণ করতে পারে? (বিশেষতঃ বাণিজ্যবান্ধব নীতি গ্রহণ, action roadmap, আন্তর্জাতিক চুক্তি ও দ্বিপাক্ষিক চুক্তির বিবেচনায় কী পদক্ষেপ গ্রহণ করতে পারে?)
১২। এলডিসি থেকে উত্তরণ পরবর্তী সময়ে বাজার সম্প্রসারণের জন্য বাংলাদেশ মুক্ত, আঞ্চলিক ও বহুপাক্ষিক বাণিজ্য চুক্তি করার পূর্বে কোন কোন বিষয়ে (যথা: পণ্যের বহুমুখীকরণ, নতুন বাজারে প্রবেশাধিকার) প্রস্তুতি নেয়া দরকার?
১৩। এলডিসি থেকে উত্তরণ পরবর্তী চ্যালেঞ্জ মোকাবেলায় বাংলাদেশ জনগণের আর্থসামাজিক অবস্থার উন্নয়নে কী ধরনের পদক্ষেপ গ্রহণ করতে পারে?
১৪। এলডিসি থেকে উত্তরণ পরবর্তী সময়ে বাংলাদেশ কীভাবে বিনিয়োগের পরিবেশ এবং আরও বেশি বৈদেশিক বিনিয়োগ আকর্ষণ করতে পারে?
১৫। এলডিসি থেকে উত্তরণ পরবর্তী সময়ে বাংলাদেশ টেকসই উন্নয়নের জন্য কী কর্মকৌশল (যেমনঃ মানবসম্পদ উন্নয়ন, প্রযুক্তির মাধ্যমে শ্রম উৎপাদনশীলতা বৃদ্ধি, দক্ষ জনবল তৈরি এবং প্রতিযোগিতা সক্ষমতা বৃদ্ধি ইত্যাদি) প্রণয়ন করতে পারে?
১৬। এলডিসি গ্র্যাজুয়েশন সংক্রান্ত চ্যালেঞ্জ মোকাবেলায় ব্যবসায়ী ও ট্রেডবডির এলডিসি গ্র্যাজুয়েশন- সংক্রান্ত জ্ঞান বৃদ্ধিতে কী কী পদক্ষেপ গ্রহণ করা উচিত?
১৭। এলডিসি গ্র্যাজুয়েশন সংক্রান্ত চ্যালেঞ্জ মোকাবেলায় উল্লিখিত মতামত ছাড়াও অন্য কোন মতামত (যদি থাকে)

উত্তর দাতার স্বাক্ষর ....
জরিপকারীর নাম..
তারিখ...
স্বাক্ষর...

Annexure 1: List of Cash Incentives in export sectors of Bangladesh.

(Source: Bangladesh Bank FE Circular 26, September 2022

<u>রপ্তানি প্রণোদনা/নগদ সহায়তাভুক্ত পণ্য/খাত এর তালিকা</u>

ক্রমিক নং	রপ্তানি পণ্যের নাম	প্রযোজ্য হার
১	রপ্তানিমুখী দেশিয় বস্ত্রখাতে শুল্ক বন্ড ও ডিউটি ড্র-ব্যাক এর পরিবর্তে বিকল্প নগদ সহায়তা	৪.০০%
২	রপ্তানিমুখী তৈরী পোশাক খাতের (নীট, ওভেন ও সোয়েটার) অন্তর্ভুক্ত সকল ক্ষুদ্র ও মাঝারি শিল্পের অতিরিক্ত সুবিধা	৪.০০%
৩	নতুন পণ্য/নতুন বাজার (বস্ত্রখাত) সম্প্রসারণ সহায়তা (আমেরিকা/কানাডা/ইইউ/ইউকে ব্যতীত)	৪.০০%
৪	ইউরো অঞ্চলে বস্ত্রখাতের রপ্তানিকারকদের জন্য বিদ্যমান ৪% এর অতিরিক্ত বিশেষ সহায়তা	২.০০%
৫	তৈরী পোশাক খাতে বিশেষ নগদ সহায়তা	১.০০%
৬	কৃষিপণ্য (শাকসব্জি/ফলমূল) ও প্রক্রিয়াজাত (এগ্রোপ্রসেসিং) কৃষিপণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	২০.০০%
৭	হাল্কা প্রকৌশল পণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	১৫.০০%
৮	পাটজাত দ্রব্যাদি রপ্তানি খাতে নগদ ভর্তুকি: ক) বৈচিত্রকৃত পাট পণ্য (Diversified Jute Products) খ) পাটজাত চূড়ান্ত দ্রব্য (হেসিয়ান, সেকিং ও সিবিসি) গ) পাট সুতা (ইয়ার্ন ও টোয়াইন) (পাট আইন ২০১৭ তে উল্লিখিত বৈচিত্রকৃত পাটপণ্যের সংজ্ঞা অনুসারে ন্যূনতম ৫০ ভাগ মূল্যমানের পাটের ব্যবহার থাকতে হবে)	 ২০.০০% ১২.০০% ৭.০০%
৯	Active Pharmaceuticals Ingredients (API) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১০	১০০% হালাল মাংস ও ১০০% হালাল প্রক্রিয়াকৃত মাংসজাত পণ্য রপ্তানি খাতে রপ্তানি ভর্তুকি	২০.০০%
১১	হিমায়িত চিংড়ি ও অন্যান্য মাছ রপ্তানি খাতে নগদ সহায়তা: (ক) হিমায়িত চিংড়ি রপ্তানিতে বরফ আচ্ছাদনের হার Up to 20% Above 20% to 30% Above 30% to 40% Above 40% (খ) হিমায়িত অন্যান্য মাছ রপ্তানিতে বরফ আচ্ছাদনের হার Up to 20% Above 20% to 30% Above 30% to 40% Above 40%	 ১০.০০% ৯.০০% ৮.০০% ৭.০০% ৫.০০% ৪.০০% ৩.০০% ২.০০%
১২	চামড়াজাত দ্রব্যাদি রপ্তানি খাতে নগদ সহায়তা (সিলিং সীমা পূর্বের ন্যায় বহাল থাকবে)	১৫.০০%
১৩	সাভারে চামড়া শিল্প নগরীতে অবস্থিত কারখানা ও সাভারের বাইরে অবস্থিত নিজস্ব ইটিপি রয়েছে এরূপ কারখানাসমূহে উৎপাদিত ক্রাস্ট ও ফিনিশড লেদার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
১৪	আলু রপ্তানি খাতে নগদ সহায়তা	২০.০০%
১৫	পাটকাঠি থেকে উৎপাদিত কার্বন ও জুট পার্টিকেল বোর্ড রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৬	ফার্নিচার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
১৭	শস্য ও শাক সব্জি-এর বীজ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৮	আগর ও আতর রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	২০.০০%
১৯	অ্যাকুমুলেটর ব্যাটারী (HS Code: 8507.10 এবং 8507.20) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
২০	সিনথেটিক ও ফেব্রিকস এর মিশ্রণে তৈরী পাদুকা ও ব্যাগ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১৫.০০%
২১	প্লাস্টিক দ্রব্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%

ক্রমিক নং	রপ্তানি পণ্যের নাম	প্রযোজ্য হার
২২	দেশে উৎপাদিত কাগজ ও কাগজ জাতীয় দ্রব্য রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%
২৩	ক) বাংলাদেশ হতে সফটওয়্যার, আইটিইএস (Information Technology Enabled Services) ও হার্ডওয়্যার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি খ) সফটওয়্যার ও আইটিইএস সেবা রপ্তানির বিপরীতে ব্যক্তি পর্যায়ের ফ্রিল্যান্সারদের জন্য রপ্তানি ভর্তুকি	১০.০০% ৪.০০%
২৪	জাহাজ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৫	ফার্মাসিউটিক্যালস পণ্য (মেডিক্যাল/সার্জিক্যাল Instruments and Appliances সহ) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৬	হাতে তৈরী পণ্য (হোগলা, খড়, আখের/নারিকেলের ছোবড়া, গাছের পাতা/খোল, গার্মেন্টস এর ঝুট কাপড় ইত্যাদি) রপ্তানি খাতে নগদ সহায়তা	১০.০০%
২৭	গরু মহিষের নাড়ি, ভুঁড়ি, শিং ও রগ (হাড় ব্যতীত) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
২৮	(ক) পেট বোতল-ফ্লেক্স রপ্তানির বিপরীতে রপ্তানি ভর্তুকি (খ) পেট বোতল-ফ্লেক্স থেকে উৎপাদিত পলিইয়েস্টার স্টাপল ফাইবার রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০% ১০.০০%
২৯	Photovoltaic Module রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩০	মোটর সাইকেল রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩১	কেমিক্যাল পণ্য (ক্লোরিন, হাইড্রোক্লোরিক এসিড, কস্টিক সোডা এবং হাইড্রোজেন পারঅক্সাইড) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩২	রেজার ও রেজার ব্লেডস্ রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৩	সিরামিক দ্রব্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৪	টুপি রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৫	কাঁকড়া ও কুঁচে (জীবন্ত, হিমায়িত ও সফটসেল) রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%
৩৬	Galvanized Sheet/Coils (Coated with Zinc, Coated with Aluminium ও Zinc এবং Color Coated) রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	১০.০০%
৩৭	কনজিউমার ইলেকট্রনিক্স, ইলেকট্রিক্যাল হোম ও কিচেন অ্যাপ্লায়েন্স পণ্য রপ্তানিতে রপ্তানি ভর্তুকি	১০.০০%
৩৮	চাল রপ্তানিতে রপ্তানি ভর্তুকি	১৫.০০%
৩৯	বিশেষায়িত অঞ্চল (বেজা, বেপজা ও হাইটেক পার্ক) এ অবস্থিত প্রতিষ্ঠানের অনুকূলে রপ্তানি ভর্তুকি এফই সার্কুলার নম্বর ৩৪/২০২১ এর - ১) প্রথম অনুচ্ছেদের (ক) উপঅনুচ্ছেদ অনুসারে সংশ্লিষ্ট সার্কুলারের আওতায় পরিশোধ্য রপ্তানি ভর্তুকি (এফই সার্কুলার নং ০১, তারিখ জানুয়ারি ০৭, ২০২০ এর আওতায় পরিশোধ্য তৈরি পোশাক খাতে বিশেষ নগদ সহায়তা ব্যতীত) ২) প্রথম অনুচ্ছেদের (খ) উপঅনুচ্ছেদের আওতায় টাইপ-এ ও টাইপ-বি প্রতিষ্ঠানের প্রক্রিয়াজাত কৃষিপণ্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি ৩) প্রথম অনুচ্ছেদের (ক) উপঅনুচ্ছেদের আওতায় এফই সার্কুলার নং ০১, তারিখ জানুয়ারি ০৭, ২০২০ এর আওতায় তৈরি পোশাক খাতে বিশেষ নগদ সহায়তা এবং (গ) উপঅনুচ্ছেদ অনুসারে সকল ক্যাটাগরিভুক্ত প্রতিষ্ঠানের অন্যান্য পণ্য রপ্তানির বিপরীতে রপ্তানি ভর্তুকি।	 ৪.০০% ৪.০০% ১.০০%
৪০	দেশে উৎপাদিত চা রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪১	দেশে উৎপাদিত বাইসাইকেল ও এর পার্টস রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪২	দেশে উৎপাদিত MS Steel Products রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%
৪৩	দেশে উৎপাদিত সিমেন্ট শিট রপ্তানির বিপরীতে রপ্তানি ভর্তুকি	৪.০০%

Annexure 2: Validation Workshop Minutes

Government of the People's Republic of Bangladesh
Bangladesh Regional Connectivity Project-1
Ministry of Commerce
Level-12 (west side) Prabasi Kalyan Bhaban
71-72, Eskaton Garden, Dhaka-1000

Proceeding of Validation Workshop on

I. **WTO Special and Differential Treatment (S & DT) and Graduation Challenges of Bangladesh; and**

II. **Simplification of Trade Procedures, Custom Modernization, Ease of Doing Business for Export Promotion of Bangladesh to Ensure Policy Coherence between National Development Priorities and International Obligations on Trade Facilitation Agreement.**

Jointly Organized by: Bangladesh Foreign Trade Institute (BFTI) and Bangladesh Regional Connectivity Project (BRCP)-1, WTO Wing, Ministry of Commerce

Date : March 22, 2023
Venue : Bangladesh Foreign Trade Institute (BFTI) Conference Room and Class Room 2.

Introduction

Bangladesh Foreign Trade Institute (BFTI) organized a Validation Workshop on Study-1 and Study-3 of 04 studies under Bangladesh Regional Connectivity Project-1 of WTO Wing, Ministry of Commerce on March 22, 2023, at 09:30 AM in Bangladesh Foreign Trade Institute (BFTI) Conference Room and Class Room 2, BFTI, Dhaka.

Mr. Tapan Kanti Ghosh, Senior Secretary, Ministry of Commerce graced the validation workshop as the Chief Guest. Mr. Md. Obaidul Azam, Director, BFTI delivered the welcome remarks. Mr. Md. Mijanur Rahman, Project Director (Joint Secretary), Bangladesh Regional Connectivity Project (BRCP)-1 and Ms. Nusrat Jabeen Banu NDC, Additional Secretary (Director General) WTO Wing, Ministry of Commerce were present as special guests.

Dr. Md. Jafar Uddin, Chief Executive Officer (CEO), Bangladesh Foreign Trade Institute (BFTI) presided over the Validation Workshop as the chairperson.

Summary of the Opening Session

Mr. Md. Obaidul Azam, Director, BFTI welcomed the guest and shared the background of the studies, including the process on how data was collected and draft reports were prepared in consultation with relevant stakeholders. He informed that post LDC graduation challenges and potentials were taken into consideration while preparing policy recommendations of the two studies. He also mentioned that a series of review meeting has been carried out between consultants of BRCP1 and Team leader along with his co-worker of o4 Studies before finalize the draft reports.

Mr. Md. Mijanur Rahman, Project Director (Joint Secretary), Bangladesh Regional Connectivity Project (BRCP)-1 remarked that both studies are very important for overcoming the LDC graduation challenges and improving the competitiveness of the country. He encouraged the stakeholders from public and private sectors to provide specific insights about the two studies and requested to point out underlying gaps in Bangladesh's approach to LDC graduation and trade simplification. He remarked that, for the LDC-graduated countries like Samoa, Cabo Verde, etc., FDI increased after graduation but GDP declined. This phenomenon should be analyzed critically for realizing the post-graduation scenario.

Ms. Nusrat Jabeen Banu NDC Additional Secretary, WTO Wing, Ministry of Commerce stressed the importance of these two studies in the current preparatory phase of the LDC graduation context of Bangladesh. She expressed that the opinions and comments of the participants of this validation workshop would enrich the reports of the respective studies. She informed that, both of the reports will be very important for the government to formulate strategies for LDC graduation and Trade Facilitation.

Dr. Md. Jafar Uddin, Chief Executive Officer (CEO), BFTI Chairperson of the Validation workshop thanked BRCP-1 and WTO wing, as they had trusted BFTI to conduct these studies. He also expressed his heartfelt gratitude to the participants of this validation workshop for attending this workshop. He informed that Ministry of Commerce is relentlessly working for ensuring a smooth graduation of the country. He pointed out that Ministry of commerce is carrying out numerous crucial research activities in order to overcome the challenges and embrace the prospects of LDC graduation in 2026. He remarked that private sector, think tank nd other public agencies like NBR, BSTI, plant quarantine dept. etc. should work in synergy with the ministry of commerce to overcome graduation related challenges effectively.

Mr. Tapan Kanti Ghosh, Senior Secretary, Ministry of Commerce remarked that the reports of these two studies incorporated all the necessary things meticulously. However, since the LDC graduation of Bangladesh is confirmed, more focus should be given to the future prospect and challenges of the graduation instead of the background and history of the graduation. Regarding 'preference scheme available after post-graduation', he said that after LDC graduation, the MFN tariff would not be applied to Bangladesh by China but Bangladesh would continue to receive APTA benefits from China. Similarly, some benefits will still prevail for Bangladesh in Australia and other markets after 2026 which should be reviewed. He informed that Bangladesh is the only country that has utilized the S&DT benefits and ISMs provided for the LDCs most efficiently compared to other LDCs like Cambodia. He expressed optimism that even though the country's 71% of trade is conducted under S&DT measures, LDC graduation will not be challenging for Bangladesh if the country can prepare well. For instance, in the USA market, Bangladesh does not have any preferential benefits and still the country's export to the USA in the last FY was worth USD 10 billion. He also added that from observing the recent trend of other countries' exports to the USA like China, Vietnam, India, Indonesia, etc., it becomes apparent that the growth of Bangladesh is outstanding. In the EU market, several years ago, the gap between the knitwear export volume of China and Bangladesh was significant, but now the gap is shrinking over time.

However, gaps still exist in woven wear since the demand for woven wear is less in the EU market. Bangladesh has also become the largest Denim exporter in the EU market. He addressed that in last year, the country's total export was USD 52 billion, of which 42 billion was contributed by the RMG sector. Because of this export dependency on a single product, two risks may arise. One is the export margin, which may decline after 2026 and another is the less diversified export basket which may reduce competitiveness. He further informed that, although Bangladesh has a diversified economy with different products, most of the products lack competitiveness for export.

Apart from the above, he added that Bangladesh has to increase the competitiveness of the potential sectors by utilizing preferential market access which may also prevail for the UK, EU, Australia, etc. after 2026. He also remarked that, for those markets where the country could lose preferential market access, FTA negotiations are ongoing for securing seamless market access. He expressed that the major problem is not about market access, rather the hindrance to improving the competitiveness of the export. Hence, Bangladesh should address the issues like lack of FDI, skills gap, lack of service process simplification of NBR, BSTI, DAE and other relevant agencies. He also added that at present utility cost and labor cost are lower in Bangladesh compared to other competing countries but after graduation labor wage may increase. He further informed that National Export Committee has been formed under the leadership of Honorable Prime Minister for increasing the export competitiveness of the different industries. He added that there are some policy compulsions exist, for instance, import duty on raw materials for RMG is eased, as RMG is 100% export-oriented industry whereas other export-oriented industries do not get the same treatment.

Moreover, he suggested that to overcome this, all industries might be transferred to special economic zones or provided special bonded warehouse facilities and bank guarantee could be provided for zero tariff raw material import for those industries. However, 0% or 1% tariff for different industries also rises the risk of revenue loss, so such tariff benefits for raw materials should be introduced only for top export potential industries. He suggested that human resources should be developed by continuous training programs and FDI is needed in this regard, as it would enhance knowledge of market intelligence. He recommended that Bangladesh should follow the international structure of trade by the WTO and ensure dignified outcomes for Bangladesh by assessing how much value addition is generated by the country's supply chain and whether the interest of the country is being exploited by exporter countries or not. He suggested that domination issues in the supply chain system should be addressed in RMG sector and fair price and human rights should be ensured for the Bangladeshi workers for export-oriented industries. He informed that, even in the sustainability compact meeting with international buyers, human rights, fair price, etc. issues were overlooked.

Finally, he recommended that achieving compliance is most crucial for Bangladesh to ensure competitiveness in the global market. He informed that Good Agriculture Practice (GAP) policy has been formulated which is yet to be implemented, though the policy should be implemented extensively to diversify our export basket. About trade facilitation, he remarked that documents submission in different business processes should be simplified. He added that the country's automation system lacks interoperability, so integrated automation is necessary for seamless information sharing, however, automation cannot always bring simplified process if multiple documents are still required. He further informed that, for facilitating trade procedure simplification, the yearly license renewal period has been extended to 3 to 5 years for different organizations. Pointing out the importance of FTA negotiations, he further suggested that customs duty should be rationalized, though customs duty is a significant revenue source for Bangladesh till now. However, most of the developed countries increase their revenues from direct taxation. He further recommended that NBR's policy reform about revenue generation is needed since Bangladesh has to meet the requirements of the FTA regarding duty reduction. Given the concern, he requested NBR to review the revenue sources that could be the best alternative to customs duty.

Technical Session -1

Study: WTO Special and Differential Treatment (S & DT) and Graduation Challenges of Bangladesh

Moderator: Md. Munir Chowdhury, National Trade Expert, BRCP-1

Panel Discussant, Mr. Md. Hafizur Rahman, Former Additional Secretary (Director General) WTO Wing, Ministry of Commerce

- According to the study title, all the S&DT provided by WTO should be incorporated in the report. There are 183 S&DT treatments and 25 are for LDC Specific. The study should incorporate a detailed list of all these 25 S&DTs.
- Along with the S&DT provided to the LDCs, the study also mentioned some of the S&DTs for developing countries. Since the study focuses on S&DT for LDCs only, the S&DTs for the LDCs should be the main focus and S&DTs for developing countries should be removed.
- Bangladesh's market access in other countries cited in the section of the study is well written and market access in many countries has been sufficiently covered.
- UK has introduced a new preferential scheme for the LDCs which is termed as DCTS, which should be included in the study. Other than the EU, Bangladesh has preferential market access from 12 developed countries.
- The Rules of Origin (RoO) criteria in the study have been precisely mentioned. The study covered some crucial information regarding RoO criteria, for example, the requirement to fulfill double-stage transformation for textile and apparel products, as well as its 50% value addition to the EU and 60% value addition to Canada after graduation. This will be useful in the future.
- The recommendation part may explore LDC-specific preferential schemes that have been continued in past by developing countries other than China such as India and the Republic of Korea.
- It has been properly mentioned in the study that under SAFTA, Bangladesh will continue receiving LDC-specific benefits from India.
- All the agreements of WTO have S&DTs for LDCs. The study mainly has focused on 6 agreements. S&DTs under other agreements may be highlighted in brief. Along with the agreements, all the 25 mentioned S&DTs may be identified from WTO Ministerial Decisions, General Council Declaration, and Committee declaration. For example, TRIPS benefits can be found in articles 66.1 and 66.2 of the TRIPS agreement which does not specifically mention the benefits for the pharmaceuticals industry. This can rather be found in the WTO Ministerial Decisions, General Council Declaration.
- Other new issues on WTO related S&DT such as TRIMS, Custom valuation, Bop, E-Commerce and Fisheries subsidies and its impact may be incorporated.
- In the case of the TRIPS agreement, Article no. 70.8 and 70.9 have been mentioned in short in the study. These should be detailed.
- S&DT are also existing in agreements related to Customs and SPS-TBT issues. These issues should also be reflected in the study.
- There are differences between GSP and DFQF and they are not the same. This should not be confused in the study. The respective DFQF and GSPs should be identified.

- SPS, TBT and Safeguard measures are an integral part of agriculture. Since there are separate agreements of WTO for these issues, they have not been discussed in the Agreement on Agriculture. The exclusion of SPS and TBT from AoA in the study is needed to be rearticulated.
- In the case of Agriculture, export subsidies have been mainly focused on Aggregate Measurement of Support (AMS) may also be highlighted. Though there will be no change in S&DT under the AMS which may be mentioned as S&DT facilities.
- Article 9.4 related to agriculture export subsidy might be examined in more details which allows subsidies in export in transportation, packaging and handling as an LDC until 2026 and until 2030 if the country is included in NFIDC.
- The study needs to update the list of Net Food Importing Developing Countries (NFIDCs).
- Transition periods related to agriculture mentioned in the export competition declaration of Nairobi Package should be detailed which include both short- and long-term export credit flexibility for LDCs.
- The S&DTs available for the LDCs and the utilization of Bangladesh should be assimilated into one section.
- Agreement on Subsidies and Countervailing Measures (SCM) should be more detailed other than focusing on article 3 and annex VII. Some subsidies and actionable subsidies from the agreement should be highlighted.
- The study explained that the developing countries with GNI per capita lower than $1,000 at 1990 prices are exempted from abiding by prohibitive subsidies unless the product is globally competitive (has 3.25% share of global export).
- The study has rightly mentioned the 3.25% share of a particular product to be included in annex VII(b) list. How far Bangladesh's RMG sector is from the mentioned 3.25% may be analyzed. This will give implication of how much Bangladesh needs to diversify its export basket. These are the gray areas for policymakers and the study may provide support for this.
- There are some other challenges other than implementing the categories of the Trade Facilitation Agreement. e.g., Bangladesh as an LDC can shift from category B to category C or from category C to category B, but after LDC graduation, this may not be possible.
- Development partners such as USAID, and World Bank have no commitment regarding the implementation of category C in Trade Facilitation until 2030. The challenge regarding the refusal of development partners to assist after graduation in 2026 may be identified in the study.
- The report mentions subsidies on 35 products but at present cash, incentives are given on 43 products which should be given in a single table.
- Subsidy on fertilizer will be allowed after LDC graduation as this is under non-product subsidy or AMS and does not fall under actionable subsidy. In addition to fertilizer subsidy, the study should also include other subsidies under AMS such as electrical subsidy, fuel, and energy subsidies.
- If Bangladesh is included in the list of NFIDC of AoA, subsidies related to transport, handling, and packaging under article 9.4 will be allowed to be provided until 2030.

- The procedures for inclusion in NFIDC and Annex VII are different. Based on the data from five years before the graduation year 2026, Bangladesh will be included in the list of NFIDC if at least 3 out of the latest 5 years' data show Bangladesh to be a net food importer.
- NFIDC facility may be extended after 2030 for graduated countries but Annex VII inclusion is not automatic. Only GNI criteria may not be sufficient as Annex VII inclusion requires consensus from all member nations.
- All graduating LDCs including Bangladesh applied for inclusion in annex VII in the general council in 2018, not in the MC held in 2017 in Buenos Aires. The information should be corrected.
- Some agricultural products of India are under the NFIDC list of WTO. Bangladesh is dependent on the import of agro-food products such as onion, sugar, and edible oil and has many possibilities to be included in the NFIDC list.
- MC12 has some progress on S&DT and all the outcomes should be mentioned in the study. Paragraph 3 of the MC12 mentions the support for graduating LDCs will depend on the level of development. This is a challenge as Bangladesh is way ahead of other LDCs in terms of development level.
- Countries for signing FTA may be recommended as per the study on identifying potential countries for signing FTA conducted by BFTI for BRCP. EU may be put first in the recommended countries' list rather than the USA since no GSP is available from the USA currently.
- STS can be precisely included in short in the study. The study may omit the action plan and ToR of the STS committee.
- Bangladesh has ratified all 32 of the GSP conventions, albeit there are some concerns regarding few conventions such as equal rights of inheritance for both males and females which is not possible to be ratified in Bangladesh being a Muslim Country.

Panel Discussants, Ms. Neela Hosne Ara, Director, BGMEA

- The liability of insurance should be taken by both exporters and importers when pandemic break out.
- Training should be ensured for top and midlevel management of RMG sector.
- Breathing time is required in order to develop internal capacity because the garment sector has lost four years due to COVID-19 and the Ukraine-Russian war.
- Put more emphasis on climate change and sustainability with regard to financial, Social and environmental aspects and its consequences for considering more Green Factory.

Mr. Md. Mamun-Ur-Rashid Askari, Joint Chief (Current Charge), Bangladesh Trade and Tariff Commission (BTTC)

- Among the WTO Provision, the study should focus only the provision on which Bangladesh may face problem after graduation.
- There is no direct impact of removal of subsidies and therefore alternatives to subsidies such as technological upgradation, sector-specific policy supports may be provided.
- The study may include Product Specific Rules (PSRs) of origin criteria of UK. This is more flexible than EBA.
- Besides the goods, service, investment and Intellectual property issues and its impact may be included in the report

Mr. Md. Makshudul AM Mondal, Coordinator, BRCP-1

- Table on slide 18 (Tariff Impact on DFQF Exports in Major Destinations after Graduation) may be excluded if it is linear.
- Impact from other secondary sources may be shown. If unavailable this table should be excluded.

Mr. Md. Abul Kalam Azad, Deputy Secretary (TO-1), DTO Wing Deputy Secretary (TO-1), DTO Wing

- The transport and logistic sector including customs, shipping associations are needed to be strengthened to make trade easier and competitive.

Mr. Md. Atikur Rahman, Joint Director, Bangladesh Bank

- There is no specific source of support for Bangladesh exporters to solve payment settlement issues in case of a buyer/importer being defaulter in paying the export payment. In case of countries like China and India, officials from their embassy reach out to the central bank to address such complications.
- Commercial Counsellors appointed in embassies of other countries may play major role in addressing such issues.
- After graduation, if Bangladesh loses its export subsidies, exporters will suffer losses and lose their ability to compete globally, as they gain less in exchange of exporting product with lower price. Because of this, finding alternative to incentives is essential to keep the exporters more competitive. Tailor-made policy supports may be identified and provided regarding this issue.

Mr. Enamul Hafiz Latifee, Research Fellow, BASIS

- The study focuses primarily on the manufacturing and product sectors, but it should also include the service sectors like IT and ITES services. Moreover, the IP, service, and investment sectors are required to be considered in case of signing FTA or PTA.
- As an alternative to cash incentives, incentives for HR development may be provided.

Mr. Mohammed Shahjalal, Director (Commodities)- Current Charge, EPB

- Product or service-specific recommendation for some products in the major export destinations may be explored.

Mr. Sk. Abid Husain, Secretary, Bangladesh Marine Fisheries Association

- Duty drawback should be simpler for trader as a scheme for cash incentives.
- Policy support is required to continue incentives in R&D, ESQ, PLI (production Linked incentives) instead of cash incentives.

Ms. Chaity Ghosh, Sr. Asst. Secretary, BGMEA

- The study can exclude background information about LDC graduation from the first part to make it action-oriented because Bangladesh is already in the transition era of LDC graduation.
- One of the GSP plus criteria was, the ratio of the beneficiary's GSP-covered imports relative to the GSP-covered imports of all countries must be lower than 7.4%. The new GSP plus scheme has omitted this threshold. The ~~new~~ GSP plus scheme for 2024-34 can be reviewed.

Ms. Khaleda Akhtar, Joint Secretary (MPA & PPA), Ministry of Shipping

- The suggested recommendation for addressing the graduation challenges should be categorized by short term and long term.

Ms. Afsana Hossain Field Officer (CM), BSTI

- SARSO and BAB's involvement should be accelerated to ensure that our standard is widely accepted.
- Effectiveness of MRA should be included in the report

Mr. Md. Munir Chowdhury, National Trade Expert, BRCP-1

- As a moderator of the validation workshop, he summarized all comments from panel discussant and technical session.
- As mentioned by the panellist earlier, Mr. Munir Chowdhury stressed that the study should concentrate more on 25 S&DT for LDCs and S&DT-related provisions from ministerial conferences and various general discussions.
- The study should include details about the WTO agreement. Particularly TRIMs, Customs Valuation, and Balance of Payments.
- AMS, gross subsidy in Agreement of Agriculture should be clearly defined and list of Net Food-Importing Developing Countries should be revised.
- The study needs to include agri-subsidies, particularly export competitiveness, short- and long-term export credit.
- The study may include the TRIPS agreement's Articles 70.9 and 70.8.
- The study can include a list of the products for which cash incentives and subsidies are provided in Bangladesh.
- Other type of subsidies may be adopted from Indian policy in Bangaldesh, such as a product-specific incentive or subsidy to deal with the challenges of LDC graduation.
- The study can mention some way forwards to make our standards globally accepted.
- In order to tackle the problems of LDC graduation, he finally mentioned the importance of having an adequate trade infrastructure, such as human resource development and institutional capacity, policy issues.
- He requested all the participants for providing any additional suggestions within seven working days by mail.

Mr. Md. Atiqur Rahman Khan, Team Leader, 04 Studies

- The comments and suggestions received from the panelists and participants will be incorporated in the study accordingly.

Participant lists for Technical Session-1
Participation List:

Sl.	Name & Designation	Organization
1.	Mr. Md. Munir Chowdhury	National Trade Expert
2.	Mr. Md. Hafizur Rahman, Former Additional Secretary (Director General) WTO Wing Ministry of Commerce	WTO Wing Ministry of Commerce
3.	Ms. Neela Hosne Ara Director	BGMEA
4.	Mr. Md. Atikur Rahman, Joint Director, Bangladesh Bank	Bangladesh Bank
5.	Mr. Sk. Abid Husain Secretary	Bangladesh Marine Fisheries Association
6.	Ms. Khaleda Akhtar Joint Secretary (MPA & PPA)	Ministry of Shipping
7.	Mr. Md. Abul Kalam Azad Deputy Secretary (TO-1), DTO Wing	Ministry of Commerce (MoC)
8.	Mr. Absal Shaquib Quoreshi, Senior Trade Expert (Study 01 and 03)	BFTI
9.	Mr. Mohammed Shahjalal Director (Commodities)- Current Charge	Export Promotion Bureau (EPB)
10.	Ms. Chaity Ghosh Sr. Asst. Secretary	BGMEA
11.	Mr. Md. Ariful Hoque Director (Registration & Incentives-1)	BIDA
12.	Ms. Afsana Hossain Field Officer (CM)	BSTI
13.	Mr. Md. Mamun-Ur-Rashid Askari Joint Cheif (Current Charge)	Bangladesh Trade and Tariff Commission (BTTC)
14.	Mr. Md. Makshudul AM Mondal Coordinator	BRCP-1
15.	Mr. Enamul Hafiz Latifee Research Fellow	BASIS
16.	Ms. Syeda Shahnewaz Lotika Deputy General Manager	ICC Bangladesh
17.	Mr. Harunur Rashid Research Associate	BFTI
18.	Ms. Farhana Rifat Research Associate	BFTI
19.	MST. Ayesha Siddika Research Officer	BFTI

Annexure 3: Terms of Reference

Terms of Reference (revised)

Consultancy/Research firm for conducting 04 studies suggested by Project Steering Committee (PSC) in FY 2021-22.

Background

The Government of the People's Republic of Bangladesh has received an SDR 150 million Credit from the International Development Association (IDA) - a member of the World Bank Group - for financing the cost of the Bangladesh Regional Connectivity Project l(BRCP-l), being jointly implemented by the Bangladesh Land Port Authority (BLPA), National Board of Revenue (NBR) and Ministry of Commerce. The second component of this umbrella project is being implemented by the Ministry of Commerce as a separate technical assistance project. The overall objective of this technical assistance project is to strengthen trade related institutional capacity in order to ensure active and sustainable cooperation between multiple trade-related stakeholders and economic empowerment of women traders.
This technical assistance project consists of following three (3) components:

- Component A: Develop (pilot) programs to support female traders and entrepreneurs. This component will pilot activities to help address barriers to women becoming more integrated into regional and global supply chains and trading opportunities.

- Component B: Capacity Development Support for the National Trade and Transport Facilitation Committee. The inter-ministerial National Trade and Transport Facilitation Committee (NTTFC) has been set up to coordinate all trade and transport-related policies and activities in Bangladesh, and will also serve as the Advisory Committee for the Project.

- Component C: Improvements to Bangladesh Trade Portal and to set up a National Enquiry Point for Trade. The Bangladesh Trade Portal (BTP) was launched in March 2016. This component will support further up gradation of the BTP to expand its functionality to include information of relevance to potential Bangladesh exporters and to ensure that content is kept up to date. This component will also set up the National Enquiry Point for Trade, which will help Bangladesh to meet a key requirement of WTO Trade Facilitation Agreement.

The Ministry of Commerce intends to apply part of the IDA Credit for procuring consultancy services from qualified research/consultancy firms or institutions/individuals to conduct three studies selected from the list of studies identified under NTTFC activities of the project (Component B). These studies aim to develop in-depth understanding about three relevant areas of trade facilitation and are directly linked with the activities of three implementing agencies of the BRCP-1 umbrella project.

2. Scope of Consultancy Services:

The project will conduct the following four studies in 2020-21/2021-22 fiscal year that are critical for export promotion and trade facilitation:

- Study 1:; **WTO Special and Differential Treatment (S & DT) and Graduation Challenges**

- Study 2: A compiled policy and regulatory guidelines/standard operating procedures (SOP) for Cross Border Land Port Management with respect to international trade and transport formalities, procedures , documentation and related matters ;

- Study 3: Simplification of Trade Procedures, Custom Modernization ease of doing business for export promotion of Bangladesh to ensure policy coherence between national development priorities and international obligations on Trade facilitation Agreements

- Study 4 : Sanitary and Phyto-sanitary (SPS) and Technical Barrier on Trade (TBT) co-ordination and notification, certification process and infrastructure for promoting trade;

The detail scope of the proposed studies is given below:

Study 1: WTO Special and Differential Treatment (S & DT) and Graduation Challenges of Bangladesh

The legal texts of the agreements embodied in the WTO contain a very large number of provisions regarding differential and more favorable treatment of developing and least developed countries (LDCs). Thus, while a lot has been made of the increasing participation of developing countries in the agreements on the same basis as other members, the Uruguay Round (UR) agreements contain many S&DT provisions. There are several conceptual premises underlying the provision of S&DT as it has evolved and as reflected in the UR agreements. The fundamental one is that for a variety of reasons, e.g. because of weaknesses in their institutions or asymmetries in economic power, developing countries are intrinsically disadvantaged in their participation in international trade. Therefore, any multilateral agreement involving them and developed countries must take into account these weaknesses when specifying their rights and responsibilities. A related premise has been that the trade policies and rules that would maximize sustainable development in developing countries are different from those in developed economies and hence that certain disciplines applying to the latter should not apply to the former. The final premise is that it is in the interest of developed countries to assist developing countries in their fuller integration and participation in the international trading system. Based on these premises, the S&DT provisions introduced into the WTO agreements fall in two broad categories: 1. positive actions by developed country members; 2. exceptions to the overall rules contained in the agreements that apply to developing countries and, sometimes, additional exceptions for the LDCs. There are three kinds of actions that developed countries have agreed to take to support developing countries participation in international trade: a. provide preferential access to their markets; b. provide technical and other assistance which would permit them to meet their WTO obligations and otherwise enhance the benefits developing countries derive from international trade; c. implement the overall agreements in ways which are beneficial or least damaging to the interests of developing and least developed countries .

Differential and more favorable treatment of developing countries has been a fundamental principle of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). Because developing countries are disadvantaged in international trade, the international community has agreed that these countries should be subject to somewhat different rules and disciplines in international trade than those that apply to developed countries; and that the latter will implement their obligations under the GATT and WTO in ways that would be favorable to development.

The WTO Agreements contain special provisions which give developing countries special rights and which give developed countries the possibility to treat developing countries more favorably than other WTO Members. These special provisions include, for example, longer time periods for implementing Agreements and commitments or measures to increase trading opportunities for developing countries. These provisions are referred to as "special and differential treatment" (S&D) provisions.

The special provisions include:

- longer time periods for implementing Agreements and commitments,
- measures to increase trading opportunities for developing countries,
- provisions requiring all WTO members to safeguard the trade interests of developing countries,
- support to help developing countries build the capacity to carry out WTO work, handle disputes, and implement technical standards, and
- provisions related to least-developed country (LDC) Members.

Currently, 164 countries are members of the WTO and around 20 countries are in the process of accession. WTO Members are divided into three groups: (i) developed, (ii) developing and (iii) LDCs

  - LDCs are identified by the UN criteria
  - Developed countries are self designated
  - All other countries are developing countries
  - Currently 46 countries are LDCs – 35 are WTO Members

The WTO system provides Special & Differential Treatments (S&DTs) for developing countries and LDCs. More than 180 S&DTs are available under various Agreements

- S&DTs can be classified into following categories:
    - Provisions for increasing market access;
    - WTO members are required to safeguard interests of developing countries;
    - Flexibility for developing countries in taking commitments;
    - Transitional time periods for implementing obligations;
    - Technical assistance for trade-related capacity buildings.

LDC-Specific S&DTs

- Around 25 LDC-specific S&DTs are available under various WTO Agreements and Decisions
- However, all those S&DTs are not in explicit use, not commercially meaningful, as some are-
    - Not utilizable or feasible, e.g. LDC Services Waiver
    - Not visible, not tangible, e.g. flexibilities under dispute settlement mechanism
    - Not always necessary, e.g. import restrictions for balance-of-payments (BoP) reasons
- So, utilizable or commercially meaningful S&DTs are not fully exist.
- Most important S&DTs are:

1) Preferential market access in goods, duty-free & quota-free (DFQF) market access – almost all developed countries and some developing countries provide DFQF to LDCs ,Preferential Rules of Origin
2) Special treatments under regional trade agreements (RTAs), like SAFTA, APTA, BIMSTEC, etc.
3) Transition Periods under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) – TRIPS Waivers .General transition period until 01 July 2034 and Transition period for pharmaceuticals until 01 January 2033
4) Export subsidies (Cash Incentives) under the Agreement on Subsidies and Countervailing Measures (SCM)
5) Agreement on Agriculture- LDCs and net food importing countries may provide certain export subsidies until the end of 2030
6) Trade Facilitation Agreement (TFA)- Longer notification timeframe and grace period

S&DT provision available to LDCs as of October 2021and major multi lateral non-reciprocal LDC preference schemes undertaken by WTO are attached in annex1.

To overcome the WTO Special and Differential Treatment (S&DT) and Challenges of LDC Graduation this review will provide policy feedback to the government for advancing to formulate the negotiation template for Bangladesh. These review will analyze the followings :

1. Twelve LDCs are in the pipeline over the coming five years . To Overcoming Graduation Challenges how Bangladesh retain LDC-specific S&DTs beyond graduation;

2. Negotiations in the WTO –the most important one is for extending all LDC-specific S&DTs for 12 years beyond the graduation. How graduated LDCs will be pursuing the proposals strongly for adoption in the WTO platform;

3. Mapping of existing S&DT benefits for major exporting products and countries enjoyed by Bangladesh.

4. Assesment of potential opportunities and losses of S& DT benefits after graduation. How Bangladesh will deal with and give policy recommendations .

5. Is it possible to negotiate with the trading partners to get transition period, like in EBA for the graduating LDCs;

6. Examine the possibilities to introduce Special International Support Measures (SISM) for the graduating LDCs ;

7. For creating new market access how Bangladesh may availing GSP+ like facilities;

8. Since 1971 six countries have graduated from LDC status . They are Botswana (1994), Cabo Verde (2007), Maldives (2011), Samoa (2014), Equatorial Guinea (2017) and Vanuatu (2020) . What kind of challenges have been facing these graduating LDCs and the initiatives undertaken by them to fuill up the gaps;

9. How Bangladesh formulate a Smooth Transition Strategy (STS) keeping maximum S&DT facilities for a certain phase or period ;