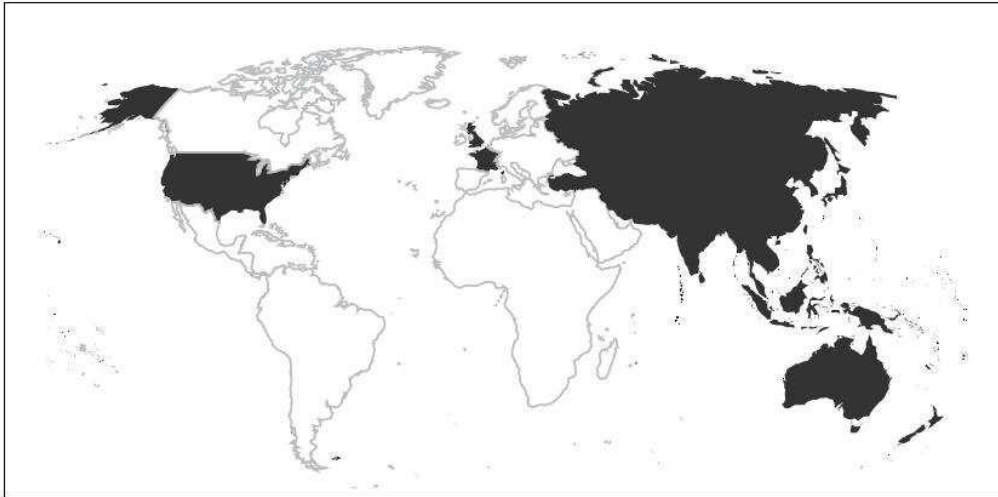


**IN PREPARATION FOR WTO MC12:  
SAFEGUARDING TRADE INTERESTS OF  
LDCs AND SECURING TRADE INTERESTS  
OF GRADUATING LDCs**



*PREPARED BY*  
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The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting cooperation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which it does by reinforcing and deepening regional cooperation and integration to advance connectivity, financial cooperation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.



The shaded areas of the map are ESCAP members and associate members.

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## Acknowledgements

This publication, “In Preparation for WTO MC12: Safeguarding Trade Interests of LDCs and Securing Trade Interests of Graduating LDCs”, was prepared by Dr. Mustafizur Rahman and Dr. Debapriya Bhattacharya, both Distinguished Fellows at the Centre for Policy Dialogue (CPD) in Bangladesh. CPD is the founding institutional member of the Asia-Pacific Research and Training Network on Trade (ARTNeT), and Dr. Rahman and Dr. Bhattacharya have been engaged with ARTNeT since its establishment and have significantly contributed to its growth. The preparation of the publication was done under the substantive guidance of Dr. Mia Mikic, Director of the Trade, Investment and Innovation Division of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Coordinator of ARTNeT.

This publication was prepared as part of the project “Harnessing Trade for Sustainable Development with Focus on Graduating LDCs in Asia and the Pacific”, undertaken by ESCAP to respond to the capacity-building requests from a number of LDCs. The project’s objective was to strengthen capacity in the region to position development interests of developing countries, especially graduating LDCs, through the multilateral trading regime, ahead of the Ministerial Conference of WTO. Valuable comments and suggestions that helped shape the publication were received from participants of the Regional Consultation on Harnessing Trade for Sustainable Development with Focus on Asia-Pacific Least Developed Countries, held on 2 and 3 December 2019 in Bangkok. The ESCAP Regional Consultation provided a platform to discuss, in a transparent and inclusive manner, the state of play in the preparation of the WTO MC12 and its relevance for all developing and least developed countries, especially graduating LDCs. Participation by government officials, representatives of civil society and selected business representatives facilitated capturing the ongoing dynamics of negotiations and possible innovative options for reforming the global trade regime to ensure its fitness for the purpose for accelerating progress for meeting the SDGs.

The ARTNeT secretariat would like to thank Mr. Robert Oliver for copy editing and Ms. Praiya Prayongsap for formatting and the cover page design. The usual disclaimer applies.

## Foreword and Summary

When the ESCAP Secretariat embarked on the project “Harnessing Trade for Sustainable Development with Focus on Graduating LDCs in Asia and the Pacific” in early 2019, global economy, trade and investment were already ailing from trade tensions and uncertainties. By the end of 2019, the estimates of GDP and trade growth prospects in 2020 were already less than promising. Now, after four months of production, trade and investment across the globe almost completely stopped due to efforts by Governments to contain the spread of COVID-19, these prospects are very bleak. In April, World Trade Organization (WTO 2020a) provided two scenarios on the possible outlook for global trade in 2020, both with trade plummeting between 13 per cent (positive scenario) and 32 per cent (negative scenario) in 2020. WTO also issued a report demonstrating a sharp increase in restrictive trade policies, especially those targeting products important to fighting the pandemic (WTO 2020b).

The “Great Lockdown” (as the response by the countries to the pandemic was coined by the International Monetary Fund), has not only caused the greatest economic crisis since the 1930s’ Great Recession, but has also derailed many actions, including the WTO Ministerial Conference 12 (MC12) which was planned to be held in June this year in Nur-Sultan, Kazakhstan. That occasion was the target for the capacity-building project of ESCAP, which included this study entitled “In Preparation for WTO MC12: Safeguarding Trade Interests of LDCs and Securing Trade Interests of Graduating LDCs”. At the time of issuing this publication, it is still unknown when and where this Ministerial Conference will be held. Given the significance of MC12, as explained in the publication, which is amplified by the impact of the COVID-19 pandemic, it is hoped that MC12 can be still held in 2020.

The global economy has never fully recovered the since 2008 global financial crisis. Despite the indisputably positive net effects, the lack of adequate social policies to support those adversely affected by openness to globalization has created a backlash against multilateralism, especially in some developed economies. Strong disagreements have emerged on how and even whether to “promote a universal, rule-based, open, non-discriminatory and equitable multilateral trading system under WTO”, which is a target of Sustainable Development Goal 17. Since 2018, the situation has been worsened by growing unilateral protectionism to address (ineffectively) serious and worsening issues of inequality and access to economic opportunities. The risks of wide-spread trade wars have accumulated, deepening policy uncertainties as well as threatening regional and global economic growth and the achievement of the sustainable development goals, as ad hoc trade policy decisions can lead to job displacements and other undesirable and largely unpredictable socio-economic impacts. All these challenges were aggravated many times by the impacts of the Great Lockdown.

As the WTO and its members continue to prepare for the twelfth Ministerial Conference, hopefully to be held in 2020, they will have to address at least some of these new

challenges to maintain the relevance of trade to development. It is no secret that several recent Ministerial Conferences have not achieved their objectives, nor have they met the expectations of many of the WTO members. It is true that every WTO Ministerial Conference is burdened with great expectations and a setback is subject to serious scrutiny. Nevertheless, MC12 has been viewed as one that cannot fail. Even before the pandemic there was almost a grand consensus in seeing MC12 as the milestone for the rules-based trading system. By now it is clear that it might be “make it or break it” for the multilateral trading system.

It is also clear that for the 164 member countries, the MC12 may mean many different things and may be expected to deliver different results. The LDCs and graduating LDCs in particular were placing great hope on the outcomes of MC12 to be used to accelerate their efforts to achieve the SDGs.

This publication was prepared in order to respond to several of the LDC members of ESCAP and to assist them in preparing to position their trade-related development interests through the upcoming MC12. Considering the state of affairs in the global economy and the weakening confidence in the multilateral solutions, the present publication focuses on four issues. First, it presents some of the key developments that form the global scenario and which have important implications for the LDCs as they prepare their stance for the next Ministerial Conference. Next, it deals with – to use the trade jargon, the “offensive” and “defensive” trade interests of the LDCs. These are carefully considered, one by one, including the new issues arriving from the “joint statements” and proposals for the possible stance of LDCs in view of those issues. Finally, the issues of trade-related concerns and interests of the cohort of graduating LDCs are discussed and some elements of a support package for helping these countries move towards their smooth transition, graduation with momentum, and sustainable and robust LDC graduation are put forward. It is argued that, in the course of the current critically important transition phase from an LDC to a developing country, the graduating LDCs will need targeted support from multilateral and bilateral development partners. While graduating LDCs do their own homework with regard to implementing their own national smooth transition strategy, they will need support from the global community.

LDCs will need to mobilize the support of the various broad-based groups in WTO if they are to be able to create the critical mass in favour of issues of interest to LDCs and graduating LDCs at MC12. As the various initiatives undertaken in support of graduating LDCs testify, WTO as an institution as well as many developed countries on their own are agreeable to extending help in support of sustainable graduation of the LDCs. The strategy at MC12 should be four-fold: (a) mobilizing support in favour of graduating LDCs on the grounds that their graduation is in the interests of all WTO members; (b) mobilizing issue-specific support through targeted coalition-building; (c) mobilizing support for graduating LDCs in a special situation, such as the acceding LDCs; and (d) participating in the discussion by keeping the post-LDC future as developing countries in perspective.

As already noted, this publication is a part of the project, ““Harnessing Trade for Sustainable development with Focus on Graduating LDCs in Asia and the Pacific”, that provides an advanced capacity-building programme to strengthen the hands of LDC negotiators in dealing with issues of concern and interest of LDCs by making available a well-augmented set of analysis and proposals. In its mandate to promote regional cooperation, the ESCAP secretariat remains committed to supporting all LDCs, including graduating LDCs, with a view to enhancing their integration into the global economy and to supporting them in achieving the sustainable development goals.



Mia Mikic

Director

Trade, Investment and Innovation Division

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