

**Impact of COVID-19 and LDC Graduation
Webinar for the WTO LDC Group
8 December 2020**

The WTO LDC Group held a webinar on 8 December 2020 to discuss the trade and health impacts of COVID-19 on the LDCs that are on the path of graduation. Close to 100 representatives from Geneva-based delegations, high-level officials from LDC capitals, and representatives from relevant international agencies namely UNOHRLLS, UN DESA and UN Committee for Development Policy and Enhanced Integrated Framework (EIF) participated in the event. The webinar formed part of the ongoing EIF-WTO project on LDC Graduation aimed at supporting LDCs to better understand trade-related implications of graduation from LDC status. WTO invited the Secretary of the UN CDP to provide the participants with a briefing on the UN CDPs upcoming triennial review of the LDC category scheduled for 22-26 February 2021.

The event offered an opportunity to mark an important milestone achieved by Vanuatu which graduated from the LDC category on 4 December 2020. It witnessed goodwill and support from LDCs and UN agencies for the people and the Government of Vanuatu. H.E. Mr. Sumbue Antas, Ambassador of Vanuatu to the WTO, noted that Vanuatu pursued its graduation aspirations, despite significant challenges related to climate change, natural disasters and COVID-19 pandemic. He thanked all the development partners for their continued support.

The Coordinator of the LDC Group in the WTO, H.E. Mr. Ahmad Makaila, Ambassador of Chad, welcomed the new analysis on trade and health impacts of the COVID-19 pandemic on graduating LDCs. He noted that the challenges posed by the pandemic, and the related analyses, were relevant to all LDCs. He requested the WTO Secretariat to continue monitoring trade-related developments arising from COVID-19 situation, and to provide the LDCs with necessary technical assistance and capacity building support. He welcomed the participation of the UN-OHRLLS, UNDESA and members of the UN CDP and urged the UN Community to consider extraordinary circumstances of COVID-19 pandemic when taking decisions related to LDC graduation in order to support graduating governments in their development journey.

Trade and health impacts of the COVID-19 pandemic on graduating LDCs

Dr. Emily Blanchard, Associate Professor at the Tuck School of Business at Dartmouth College, provided an assessment of the trade-related impact of the COVID-19 pandemic on graduating LDCs and trade policy considerations going forward. While global exports fell by 20% between March and May 2020, LDC exports fell by 40%, and exports of graduating LDCs fell by more than 50% during the same time period. By July 2020, while the world exports recovered to nearly pre-pandemic levels, the recovery of graduating LDCs was the furthest behind.

She highlighted four key dimensions of graduating LDCs' trade patterns that proved especially damaging during COVID-19: primary commodities exports, potential supply-chain rigidity in GVCs, limited digital readiness, and economic dependence on the travel sector. In terms of primary commodities, exports of minerals and petroleum dropped significantly, while agricultural exports remained robust. With respect to manufacturing, she pointed to the possibly important role of digital connectivity for restoring GVC linkages, as COVID-19 had resulted in disruptions in both supply and demand. Limited access to digital platforms could have hampered LDC exporters of clothing to rematch with buyers and suppliers, resulting in significant drops in exports and a slower recovery when compared to the world average.

She provided a framework for drawing the lessons from COVID-19, which has acted as temporary disruptions, as an accelerant, or as a catalyst for long-lasting change. In sectors where trade would likely to return to pre-pandemic levels soon (agriculture, durables, tourism), the lessons would be to strengthen diversification and resilience. Where the pandemic has accelerated pre-existing trends (slowing expansion or re-shoring of GVCs, slowing oil demand, growth of e-commerce and digital services trade), the lesson would be to hasten adjustment. She pointed out that business and tourism travel were expected to recover differently, as modern technologies could make business travel obsolete, while there was no ready substitute for tourism.

Dr Pascale Leroueil, Vice President of the William Davidson Institute at the University of Michigan, focused on the health impacts which had varied across regions with most of the twelve graduating LDCs remaining below the world average. While no COVID-19 related deaths had been reported in Pacific region countries, graduating LDCs in Africa and Asia had reported COVID-19 related deaths. In particular, Myanmar and Nepal had seen the steepest rise of COVID-19 related deaths per 1,000 people. Dr Leroueil indicated that COVID-19 was not yet under control. Despite ongoing global

efforts, considerable challenges and uncertainties remain with the costs of preventing, treating and vaccinating against COVID-19.

Dr Leroueil shared several good practices adopted by graduating LDCs that could help mitigate the spread and impact of COVID-19. She stressed that it was important to implement systems to provide timely and transparent communication about the disease. For example, the government of Bangladesh established a web-based portal and mobile phone application to provide COVID-19 related information. She also noted the importance of timely investments to reduce transmission and improve treatment, highlighting an increase in overall health budget of Angola and the launch of a new app to perform contact tracing in Bhutan. In addition, several graduating LDCs identified existing resources to address current gaps - Myanmar transformed a stadium into temporary hospital, while Nepal turned several hotels into intensive care units. Other good practices included equitable access to healthcare and measures to offset the disproportionate burden placed on the health and mental well-being of healthcare workers.

Progress on LDC Graduation discussion

The participants received an update on the LDC graduation work in the WTO. H.E. Md. Mustafizur Rahman, Ambassador of Bangladesh to the WTO, recalled that graduation from LDC category was a global agenda enshrined in various UN Resolutions which incorporated the principle of smooth transition. The LDC Ministerial Declaration adopted in Buenos Aires in 2017 called for positive trade-related actions in favour of graduating countries. Ambassador Rahman provided the background and rationale for the specific proposals submitted by LDCs at the WTO Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) contained in document IP/C/W/668 and the WTO General Council contained in document WT/GC/W/807. These proposals mainly seek extension of LDC support measures under the framework of WTO for a period of twelve years after graduation from the LDC category becomes effective.

Briefing on the upcoming UN CDPs triennial review of the LDC category

Mr. Roland Mollerus, Secretary of the UN CDP, briefed the participants on the upcoming Triennial Review of the LDC category to be conducted by the UN CDP from 22 to 26 February 2021. While the eligibility finding of a country in the 2021 review will be based on data up to 2019, the CDP would use additional information (country-specific assessments; supplementary indicators; COVID-19 impact study mandated by UN ECOSOC) when reviewing the development progress made by the LDCs. He also outlined the intergovernmental process leading up to the resolution of the UN General Assembly in effecting graduation from the LDC category.

Mr. Mollerus highlighted that the pandemic had only increased the importance of support by the international community to LDCs, including graduating and recently graduated LDCs such as Vanuatu. He also expressed appreciation for UN OHRLLS in leading the inter-agency task force on graduation, as well as for the good collaboration with WTO on LDC graduation and other areas of work relating to LDCs. He also invited participants to make use of the LDC Portal as well as Gradjet – two online platforms which provided news and information on LDC issues and LDC graduation, respectively.

Several LDCs (Angola, Bhutan, Nepal and Timor-Leste) took part in the discussion. Angola resonated the need for the international community to continue providing support to graduating LDCs as economic as well as environmental vulnerabilities continue to threaten the growth prospects of graduating LDCs. Bhutan underlined the critical role of development partners as governments make determined efforts to graduate from the LDC category. Timor-Leste recognized the positive signal that graduation would send to international investors, though the current context needed careful examination.

In closing, Mr Shishir Priyadarshi, Director of the WTO Development Division, expressed appreciation to all panellists and the participants for their contributions. WTO remains committed to help LDCs better comprehend the underlying factors that condition their participation in global trade. The importance of export diversification, digital readiness and adaptability were only a few of the lessons learned from the ongoing pandemic.