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## A SMOOTH TRANSITION PACKAGE IN FAVOUR OF MEMBERS GRADUATING FROM THE LDC CATEGORY

### COMMUNICATION FROM CHAD ON BEHALF OF THE LDC GROUP

The following communication, dated 17 October 2021, is being circulated at the request of the delegation of Chad on behalf of the LDC Group.

1. Since the creation of the Least Developed Country (LDC) category, in 1971, only six countries have managed to leave the category. In recent years, however, the trend towards graduation has accelerated. Today, 16 countries formally meet the LDC graduation criteria. Four of them - Angola, Bhutan, Sao Tome & Principe, and Solomon Islands - are already scheduled to leave the category by 2024. Another five including Bangladesh, Kiribati, Lao PDR, Nepal, and Tuvalu have been recommended for graduation by the Committee for Development Policy (CDP) and endorsed by the ECOSOC. Myanmar and Timor-Leste met the criteria for two or more consecutive times but the recommendation by the CDP has been deferred. Finally, Cambodia, Comoros, Djibouti, Senegal, and Zambia have met the graduation criteria for the first time. Besides those 16 countries, another 10 have already met one graduation criteria at the 2021 triennial review, bringing the number of countries on a firm path to graduation to 26, including 19 WTO Members out of a total of 35 WTO LDC Members.
2. While this represents a significant achievement, 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. The COVID-19 outbreak significantly reinforces this need as the pandemic risks undoing many of LDCs' development achievements so far.
3. 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). As envisaged in the UN resolutions, the text proposed a formal smooth transition procedure in the WTO, by extending all support measures benefitting LDCs for a period of twelve years after their graduation. The draft decision also called on Members granting unilateral trade preferences to LDCs to have procedures in place for extending and gradually phasing out their preferential market access scheme after LDC graduation. This submission has received support from a wide range of WTO Members and remains firmly on the table.
4. In light of the limited amount of time available before the 12<sup>th</sup> WTO Ministerial Conference, it may however be difficult to achieve a final consensus on such a package. Given the critical importance of this topic and the need to achieve concrete deliverables at MC12, the LDC Group is proposing 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. It clearly states as a principle, however, that any support package must apply automatically, equally, and unconditionally to all graduated LDCs for a uniform period of time after graduation.

5. Agreement on this decision would be an important contribution to remedy the difficult circumstances that graduating LDCs encounter. It would also represent a concrete contribution of the multilateral trading system to fostering the advancement of previous UN Resolutions ahead of the UN LDC V Conference scheduled in January 2022, in Doha, Qatar.
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**ANNEX***Draft Ministerial Decision*

The Ministerial Conference,

*Having regard to* paragraph 1 of Article IX of the Marrakesh Agreement Establishing the World Trade Organization (WTO);

*Recalling* the Programme of Action for the Least Developed Countries (LDCs) for the Decade 2011–2020, adopted at the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul, Turkey in 2011, in which Member States committed to assisting LDCs with an overarching goal of enabling half of them to meet the criteria for graduation by 2020;

*Recalling further* UN General Assembly Resolutions 59/209 of 2004 and 67/221 of 2012 on smooth transition for countries graduating from the list of least developed countries inviting all Members of the World Trade Organization to consider extending to graduated countries the existing special and differential treatment measures and exemptions available to least developed countries for a period appropriate to the development situation of the country;

*Taking note* of document WT/GC/W/807 circulated by the LDC Group at the General Council on the challenges faced by graduating LDCs;

*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;

*Decides* as follows:

**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.
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