
Sub-Committee on Least-Developed Countries

**MARKET ACCESS FOR PRODUCTS AND SERVICES OF EXPORT INTEREST TO
LEAST-DEVELOPED COUNTRIES**

Note by the Secretariat¹

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¹ This document has been prepared under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

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I. INTRODUCTION

1. This note prepared by the Secretariat responds to paragraph 7 of the WTO Work Programme for Least-Developed Countries (LDCs), which mandates an annual review of market access for products originating from LDCs (WT/COMTD/LDC/11). It builds on previous Secretariat studies by updating the information on trends in LDC trade and market access conditions, covering goods and, to some extent, services.² In addition, the issue of preference utilization has received special attention.

2. The review of market access conditions focus largely on tariff measures. However, it is recognized that the degree of market access in a given market is determined by a combination of tariff and non-tariff measures. Non-tariff measures have been covered in previous studies, including in document WT/COMTD/LDC/W/39 and its addendum. Similarly, market access issues for LDCs in the area of trade in services are briefly examined in a separate note contained in JOB(07)/32 and its revision.³ This note, therefore, should not be viewed as a stand-alone study by the Secretariat on the overall market access issues for LDCs. It should be read in conjunction with the previous notes prepared by the Secretariat, in order to gauge the different factors that condition market access for LDC exports.

3. The note is divided into four main parts, in addition to this introduction. Section II provides a description of the recent trends of LDC trade flows, both in goods and commercial services. It includes an update of LDC exports by main products and market destination. Section III is devoted to market access conditions facing LDC exports, including a review of the utilization of preferences. Section IV provides an up-date of the recent initiatives to improve market access for products originating from LDCs. A concluding section summarizes the findings of the note, while a series of annexes provides Members with additional background information and references, including data sources and the statistical methodology used in the note as well as a table on LDC tariff profiles.

II. LDC EXPORT PROFILE

4. This section presents the recent trends in LDC exports of goods and services. This review of the global trends is supplemented with a more detailed analysis of products or services of specific interest to the LDCs. The scope of the analysis is, however, restricted by the statistical information available, which is elaborated in Annex B, and is naturally more detailed in the case of merchandise trade (based on customs data) than in services (based on balance-of-payments data).

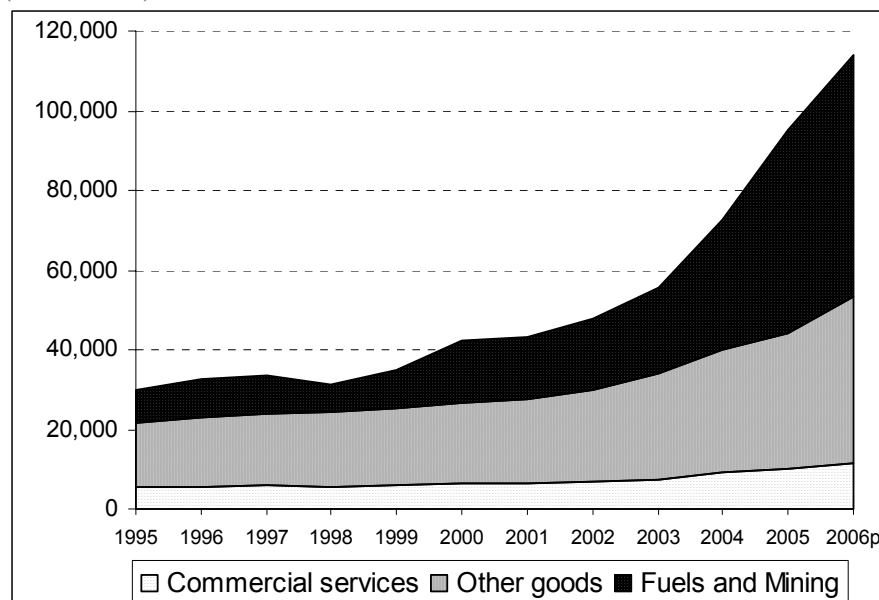
5. Trade in goods dominates the export portfolio of 50 LDCs taken as a group. Commercial services (thereafter referred also simply as "services") represent only 12 per cent of the total LDC export receipts on average over the 2000 to 2006 period, lower than the world average (19 per cent).⁴ As seen in Chart 1, exports of goods increased dramatically since 2003, thanks to the rapid increase in the international prices of oil and mineral products outpacing the growth of other goods (principally agriculture and manufacture) and services exports.

² The previous note issued in 2006 is contained in document WT/COMTD/LDC/W/38 and its corrigenda.

³ Additional information on trade flows and trade policy measures in services trade of LDCs has been provided in document JOB(07)/148.

⁴ The balance-of-payments data for trade in services measure flows related to modes 1, 2 and 4 of the General Agreement on Trade in Services (GATS). Flows relating to the size of commercial presence are measured through a different framework, that is, Foreign Affiliated Trade in Services statistics (FATS). However, these data are not available for the LDCs.

Chart 1: Comparative evolution of LDC exports of goods and services, 1995-2006
(Million USD)



Note: Secretariat estimates based on customs and balance-of-payments data; data for 2006 are preliminary.

Source: WTO

6. Over the 2000 to 2006 period, the value of LDC exports of fuels and minerals increased by an annual average of 26 per cent, compared to an annual increase of 13 per cent for other goods and 11 per cent for services. As a result, the relative importance of the latter groups in the total exports has been decreasing (see Table 1). Nonetheless, the contribution of these other goods (mainly agricultural goods and manufactures) and of services to LDCs' economic growth may probably be much higher than their financial importance from a balance of payments perspective, because of their larger labour content.

Table 1: Relative importance of goods and services in LDC total exports, 2000-2006 (percentage)

Exports	2000	2001	2002	2003	2004	2005	2006 ^a
Total goods and services	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Fuels and Mining	36.5	35.8	37.5	38.9	44.8	53.8	53.2
Other goods	48.8	49.5	48.1	47.7	42.7	35.7	36.7
Commercial services	14.7	14.7	14.4	13.4	12.5	10.5	10.1

^apreliminary data.

Notes: Secretariat estimates based on customs and balance-of-payments data.

Source: WTO

A. LDC PARTICIPATION IN WORLD MERCHANDISE TRADE

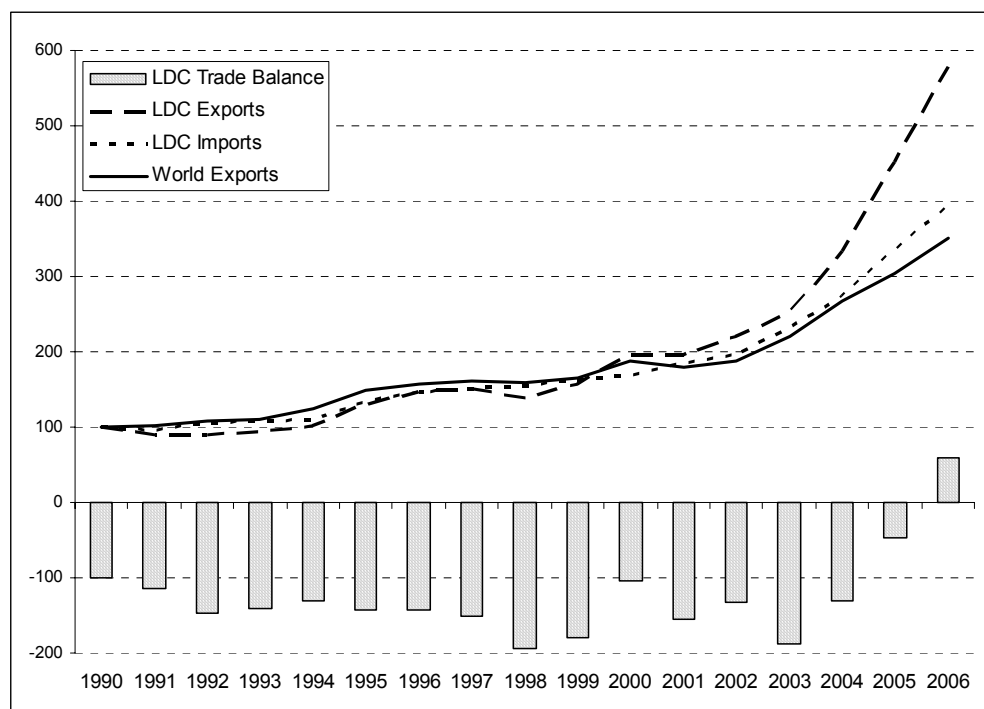
1. Global Trends

7. Merchandise exports from LDCs fared relatively well since 2000, as shown in Chart 2, with an average annual growth of 19 per cent, eight percentage points above world average. This favourable outcome was due to an acceleration of the positive trend since 2003, when the rhythm of growth of LDC export began to outpace the world average. The years 2005 and 2006 were

particularly favourable years, with export value rising by more than 30 per cent in each year. However, despite this rapid growth, the LDCs as a group still accounted for less than 1 per cent of total world exports in 2006 (0.9 per cent, to be exact).

8. During the same period, the negative trade balance in merchandise trade witnessed a rapid reduction since the growth of imports of goods did not respond fully to the higher hard currency revenues provided by increased exports. The value of exports almost balanced (95 per cent) that of imports in 2005 when considering the total LDC trade, and is estimated to have surpassed the value of the import bill in 2006. It should be noted that 2006 was the first year since comparative data were collected, that LDCs as a group register such a positive trade balance.

Chart 2: LDCs' merchandise trade, 1990-2006, (Indices 1990=±100)



Source: WTO

9. Nevertheless, the robust growth performance registered by the LDCs as a group is concentrated in the oil and commodity LDC exporters, which in general happen also to be the largest LDC exporters (Bangladesh, Cambodia or Myanmar being notable exceptions), that weigh more in the group's aggregate statistics (see Table 2). For example, the exports from the largest LDC, Angola, increased by an annual 28 per cent between 2000 and 2006, thanks in particular to a very high growth in 2005 (79 per cent). Equatorial Guinea, the third largest exporter, registered an increase in its export revenues of 41 per cent over the 2000 to 2006 period. At the other extreme, the average variation for the ten smallest LDC exporters⁵ was barely positive (1.3 per cent) over the 2000 to 2006 period, many registering negative values. This shows that the aggregate growth rates hide a substantial variation in the export performance across LDCs.

⁵ Excluding Tuvalu's outlier 2006 data.

Table 2: Merchandise exports and imports of LDCs by selected country grouping, 2006
(million dollars and percentages)

Countries	Exports					Imports				
	Value	Annual percentage change				Value	Annual percentage change			
	2006	2000-06	2004	2005	2006	2006	2000-06	2004	2005	2006
World ^a	12081000	11.0	21.5	13.7	15.4	12412000	10.8	21.6	13.4	14.5
Least developed countries	106262	19.7	32.4	35.9	28.0	101884	15.1	17.9	22.1	17.8
<i>Oil exporters</i>	60292	26.0	48.2	58.5	32.5	28359	24.3	16.0	42.2	22.2
Angola	35000	28.1	41.7	78.9	45.2	11600	25.0	6.4	43.2	38.9
Equatorial Guinea	8600	40.9	64.1	55.3	20.5	2500	33.0	26.8	34.6	18.5
Yemen	7285	10.1	19.2	37.1	13.6	4935	13.4	8.5	22.0	1.5
Sudan	5657	20.9	48.6	27.7	17.3	8074	31.6	41.4	65.8	19.5
Chad	3750	65.4	264.6	38.4	23.7	1250	25.7	8.7	30.0	11.9
<i>Exporters of manufactures</i>	23640	12.1	16.7	17.5	20.6	31263	17.1	15.8	11.0	17.4
Bangladesh	11802	10.8	18.8	11.9	26.9	16086	10.4	15.4	15.4	15.8
Myanmar	4250	17.1	-4.1	60.2	11.4	2460	0.4	5.0	-12.3	27.7
Cambodia	3800	18.3	32.1	14.4	18.8	4900	16.7	24.7	23.0	24.8
Madagascar	953	2.5	15.7	-15.8	14.3	1487	6.9	32.3	-2.7	4.2
Lao People's Dem. Rep.	874	17.6	0.4	40.2	72.8	1060	12.1	5.0	59.8	31.0
Nepal	760	-0.9	14.2	9.8	-8.4	2100	4.9	6.6	-0.5	12.9
Lesotho	694	21.1	44.7	-7.5	6.9	1465	10.4	29.4	-4.9	10.2
Haiti	507	8.1	12.9	20.2	7.8	1705	8.7	10.0	11.3	17.3
<i>Exporters of commodities</i>	22330	16.1	25.8	14.1	24.7	42262	15.2	20.7	20.0	15.2
Zambia	3689	33.0	49.0	26.7	99.2	2920	19.7	28.2	27.7	13.4
Mozambique	2398	36.9	43.9	16.0	37.4	2807	15.9	9.9	25.0	16.6
Congo, Dem. Rep. of	2300	18.7	34.6	18.4	5.0	2800	26.1	24.6	14.3	23.3
Tanzania	1690	14.9	21.1	13.8	0.8	4253	18.7	18.3	22.4	38.2
Senegal	1550	9.1	20.0	1.8	0.9	3434	14.6	19.2	12.2	7.4
Mali	1350	16.3	5.3	16.2	18.9	1860	15.0	7.3	18.9	14.7
Mauritania	1290	23.8	37.9	33.6	128.7	974	20.9	44.2	140.7	-27.5
Ethiopia	1014	13.0	36.7	33.1	12.3	4594	24.0	45.7	33.7	11.3
Uganda	1004	13.9	25.9	21.7	16.3	2505	8.5	25.5	19.0	21.9
Guinea	970	6.5	19.2	22.6	9.0	930	7.2	7.8	18.8	13.4
Togo	617	9.2	0.5	-2.5	5.3	1100	11.8	13.5	13.6	10.0
Benin	560	6.1	5.0	0.2	-1.6	990	8.3	0.2	0.0	10.7
Malawi	540	6.1	-8.0	4.1	7.4	1209	14.7	18.7	23.9	4.7
Niger	540	11.4	24.1	14.4	8.0	950	15.7	20.6	7.3	18.0
Burkina Faso	440	13.2	49.5	-27.6	26.8	1450	15.5	37.3	0.8	13.3
Afghanistan	430	15.1	118.1	21.0	13.2	2960	16.6	3.6	14.8	18.4
Bhutan	350	22.6	37.7	41.1	35.6	320	10.6	65.1	-6.0	-17.2
Somalia	290	7.0	34.5	0.0	-3.3	660	11.5	18.0	0.0	8.2
Maldives	225	12.9	19.1	-10.5	38.9	927	15.6	36.3	16.1	24.4
Sierra Leone	216	59.7	50.2	14.4	36.3	389	17.3	-5.6	20.3	12.9
Liberia	181	-9.5	-4.7	26.5	37.9	444	-6.6	98.5	-8.0	43.3
Rwanda	138	17.6	57.1	26.3	10.2	501	15.5	10.0	41.4	24.4
Solomon Islands	120	9.7	31.4	6.4	16.4	200	13.8	29.4	52.4	8.0
Central African Republic	120	-4.8	-1.6	1.6	-6.3	240	12.7	25.4	15.5	40.4
Guinea-Bissau	75	3.2	16.9	30.3	-24.2	110	10.9	27.7	43.4	-7.6
Burundi	59	2.7	24.5	21.4	3.1	431	19.5	12.5	51.6	61.3
Djibouti	50	7.9	2.0	4.0	26.6	346	9.0	9.7	6.1	24.8
Vanuatu	50	11.5	40.7	2.6	28.2	140	8.3	21.9	9.4	0.0
Cape Verde	21	11.4	18.5	16.7	19.2	542	15.4	10.3	13.2	23.7
Comoros	11	-3.9	-30.0	-26.2	-20.3	110	16.9	22.9	10.5	15.8
Samoa	11	-4.4	-28.5	11.1	-10.5	219	12.8	18.6	14.8	16.9
Gambia	10	-6.5	25.0	-20.0	25.0	255	5.3	46.3	3.6	7.6
Eritrea	10	-19.6	36.0	11.1	0.0	540	2.3	10.9	3.1	9.1
Kiribati	6	9.9	-14.8	44.7	76.5	63	8.0	15.2	24.7	-14.4
Sao Tome and Principe	4	4.1	-46.4	-3.7	12.7	71	15.4	1.6	20.3	42.5
Tuvalu	2	135.4	41.1	-54.5	...	19	24.9	-26.9	13.3	47.1
Timor Leste	...	...	...	...	...	...	...	...	...	...

^aIncludes significant re-exports or imports for re-export.

Notes: Data for 2006 are largely estimated.

Source: WTO

10. Evidently, the rise in oil and commodity prices, especially since 2003 (see Table 3), has created a strong heterogeneity in the comparative evolution of individual countries within the LDC group, according to their export orientation.

- The five oil producing LDCs – Angola, Equatorial Guinea, Yemen, Sudan and Chad – recorded an annual increase of 26 per cent in the value of their exports during the 2000 to 2006 period. As a group, the oil exporters improved their trade-in-goods surplus in 2006 as their import-coverage ratio in terms of goods was greater than 210 per cent. Within this group, Sudan is the sole country that recorded a trade deficit, equivalent to 17 per cent of total trade, because its imports grew more rapidly than its exports, especially in 2005.
- Thirty-seven LDC exporters of commodities experienced a more heterogeneous growth pattern, due to the wider variance in international prices between mineral and agricultural commodities. When ores and minerals represented a higher share of the commodity exports, the rate of growth tended to be higher than for countries exporting more agricultural commodities. For example, taking the four largest exporters of each category from Table 2, the average growth rate over the period 2000 to 2006 was 28 per cent in the case of the four largest non-agricultural commodity exporters (Zambia, Mozambique, Democratic Republic of Congo and Mauritania) compared to only 13 per cent for the four largest exporters of agricultural commodities (Tanzania, Senegal, Mali and Ethiopia). The first group of countries also experienced a positive trade balance in goods (their import coverage coefficient is 107 per cent), while the second group suffered from a deficit, covering only 57 per cent of their imports with their exports.
- Eight exporters of manufactures – mostly clothing – registered moderate growth rates, slightly higher than world average (annual average of 12 per cent over the 2000 to 2006 period); an estimate for 2006 indicates a better conjuncture for this group with a rise of 21 per cent. On average over the 2000 to 2006 period, the import bill grew faster than the export receipts, leading to a deterioration of the trade balance. As a group, their import coverage from export receipts is better (73 per cent) than for the exporters of commodities (57 per cent), but still represents a significant deficit in trade in goods.

Table 3: Evolution of the export prices for selected primary commodities, 2000-05 (percentage)^a

	Annual growth rate			Annual growth rate	
	2000-05	2003-2005		2000-05	2003-2005
Food and beverages	4.5	4.7	Agricultural raw materials	1.5	2.3
<i>Food</i>	<i>4.4</i>	<i>4.4</i>	Timber	2.1	5.1
Cereals	5.0	1.8	Cotton	-1.4	-4.5
Wheat	6.0	1.4	Wool	3.8	-4.1
Maize	2.2	-2.2	Rubber	16.8	11.5
Rice	7.2	13.0	Hides and skins	-3.9	-1.3
Barley	4.2	-3.2			
<i>Vegetable oils and protein meals</i>	<i>6.7</i>	<i>1.4</i>	Minerals and non-ferrous metals^b	11.2	19.9
Meat	5.0	6.7	Copper	15.2	27.4
Beef	6.2	9.8	Aluminium	4.1	9.9
Lamb	7.4	0.2	Iron ore	17.7	26.7
Swine meat	2.7	8.2	Tin	6.3	14.7
Poultry	4.4	3.7	Nickel	11.4	15.3
Seafood	-2.3	5.9	Zinc	4.1	18.6
Fish	2.2	10.7	Lead	16.5	23.7
Shrimp	-11.1	-5.0	Uranium	27.5	35.5
Sugar	4.2	9.3	Total of above	6.2	9.4
Bananas	6.4	15.4	Energy	13.3	22.1
Oranges	18.3	7.2	Natural gas	10.6	16.4
<i>Beverages</i>	<i>5.0</i>	<i>7.6</i>	Crude petroleum	13.6	22.7
Coffee	5.8	19.1	Coal	13.6	20.9
Cocoa beans	11.3	-4.1			
Tea	-2.7	3.6	All primary commodities	11.0	17.8

^aVariations are calculated in relation to prices in US\$.

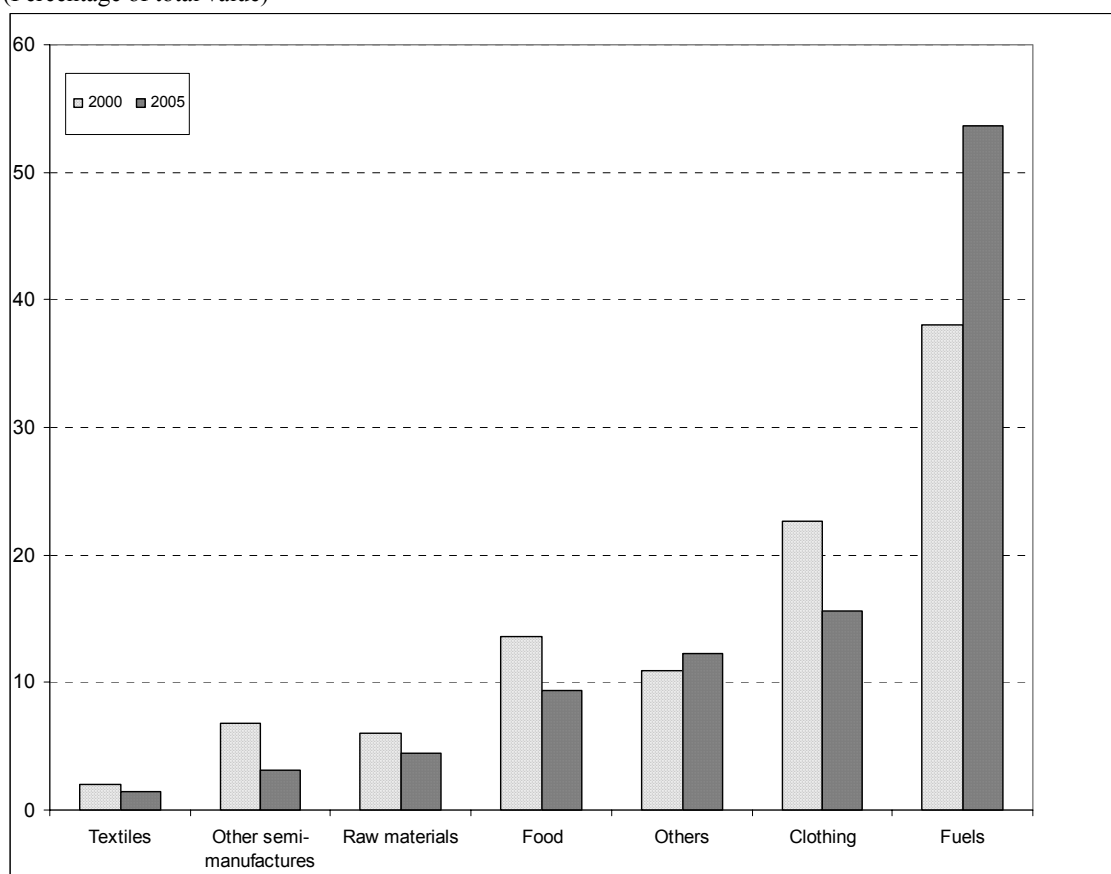
^bExcluding fuels.

Source: WTO

2. Major Products

11. The LDC export profile (see Table 4) indicates that mineral fuels and oils (HS 27) represented more than 50 per cent of the total external sales in 2005. Due to their high international prices, oil and other fuels consolidated their dominant position in the structure of LDC exports (see Chart 3). The LDCs in Africa are particularly represented in the group of oil and other commodity exporters as commodities make up to 86 per cent of their total export. Clothing (HS 61 and 62), the second most important item (and certainly the larger in relation to direct job creation), lost relative – and in some cases absolute – ground during the 2000 to 2005 period. Textile fibres, fabrics and clothing are particularly relevant for the LDCs in Asia, representing 45 per cent of their exports.⁶

Chart 3: Exports of LDCs by major product, 2005
(Percentage of total value)



Source: WTO

⁶ See Section III, in particular Table 11 (Imports of textiles and clothing into Quad markets 2000-2006).

Table 4: Leading merchandise exports of LDCs in 2005^a

(Million dollars and percentage)

Product Description (HS96)	LDC Exports				WORLD	
	Value	Share in Total Exports	Exports to: Developed Economies	Exports to: Developing Economies	Value	LDCs' Share in Total
All Commodities (0 to 9)	78176	100.0	46273	31330	10195023	0.8
Mineral fuels, oils, distillation products, etc (27)	41440	53.0	20521	20918	1439811	2.9
Petroleum oils, oils from bituminous minerals, crude (2709)	38455	49.2	19531	18925	798237	4.8
Petroleum gases and other gaseous hydrocarbons (2711)	1668	2.1	125	1542	182807	0.9
Oils petroleum, bituminous, distillates, except crude (2710)	1211	1.5	860	351	320462	0.4
Articles of apparel, accessories, knit or crochet (61)	6828	8.7	6648	171	122076	5.6
Jerseys, pullovers, cardigans, etc, knit or crochet (6110)	3021	3.9	2939	78	40408	7.5
T-shirts, singlets and other vests, knit or crochet (6109)	1835	2.3	1799	33	23334	7.9
Articles of apparel, accessories, not knit or crochet (62)	6041	7.7	5846	184	142987	4.2
Mens or boys suits, jackets, trousers etc not knit (6203)	1793	2.3	1741	50	30641	5.9
Womens, girls suits, jacket, dress, skirt, etc, woven (6204)	1786	2.3	1735	49	47021	3.8
Men's or boys' shirts (6205)	1024	1.3	996	28	10884	9.4
Fish, crustaceans, molluscs, aquatic invertebrates nes (03)	2611	3.3	1745	819	62305	4.2
Crustaceans (0306)	884	1.1	785	97	14695	6.0
Fish, frozen, whole (0303)	639	0.8	126	467	14057	4.5
Fish fillets, fish meat, mince except liver, roe (0304)	418	0.5	399	19	12790	3.3
Pearls, precious stones, metals, coins, etc (71)	2095	2.7	1834	260	183180	1.1
Diamonds, not mounted or set (7102)	1670	2.1	1568	101	79395	2.1
Ores, slag and ash (26)	1784	2.3	1062	567	86810	2.1
Aluminium ores and concentrates (2606)	629	0.8	479	0	2021	31.1
Iron ores and concentrates, roasted iron pyrites (2601)	506	0.6	464	42	40638	1.2
Ships, boats and other floating structures (89) ^b	1470	1.9	1126	344	38239	3.8
Passenger and goods transport ships, boats (8901)	1254	1.6	1113	142	20862	6.0
Wood and articles of wood, wood charcoal (44)	1459	1.9	307	1151	103716	1.4
Wood in the rough or roughly squared (4403)	996	1.3	132	865	12821	7.8
Aluminium and articles thereof (76)	1322	1.7	1296	25	102080	1.3
Unwrought aluminium (7601)	1288	1.6	1287	1	38299	3.4
Copper and articles thereof (74)	1271	1.6	112	1159	74168	1.7
Refined copper and copper alloys, unwrought (7403)	1041	1.3	80	961	26488	3.9
Cotton (52)	1161	1.5	171	987	39545	2.9
Cotton, not carded or combed (5201)	1079	1.4	125	951	9204	11.7
Coffee, tea, mate and spices (09)	1137	1.5	883	240	18574	6.1
Coffee, coffee husks and skins and coffee substitutes (0901)	861	1.1	745	107	12679	6.8
Tobacco and manufactured tobacco substitutes (24)	764	1.0	451	225	26445	2.9
Tobacco unmanufactured, tobacco refuse (2401)	723	0.9	451	186	7142	10.1
Inorganic chemicals, precious metal compound, isotopes (28)	695	0.9	142	341	74105	0.9
Edible vegetables and certain roots and tubers (07)	562	0.7	129	433	33452	1.7
Vegetables, leguminous dried, shelled (0713)	411	0.5	30	381	3150	13.0
Oil seed, oleag fruits, grain, seed, fruit, etc, nes (12)	487	0.6	145	341	32928	1.5
Oil seeds and oleaginous fruits nes (1207)	385	0.5	103	282	1583	24.3
Edible fruit, nuts, peel of citrus fruit, melons (08)	482	0.6	101	377	53413	0.9
Raw hides and skins (other than furskins) and leather (41)	431	0.6	169	262	24752	1.7
Other made textile articles, sets, worn clothing etc (63)	429	0.5	345	83	30685	1.4
Total of above	72468	92.7	43035	28890	2689270	2.7

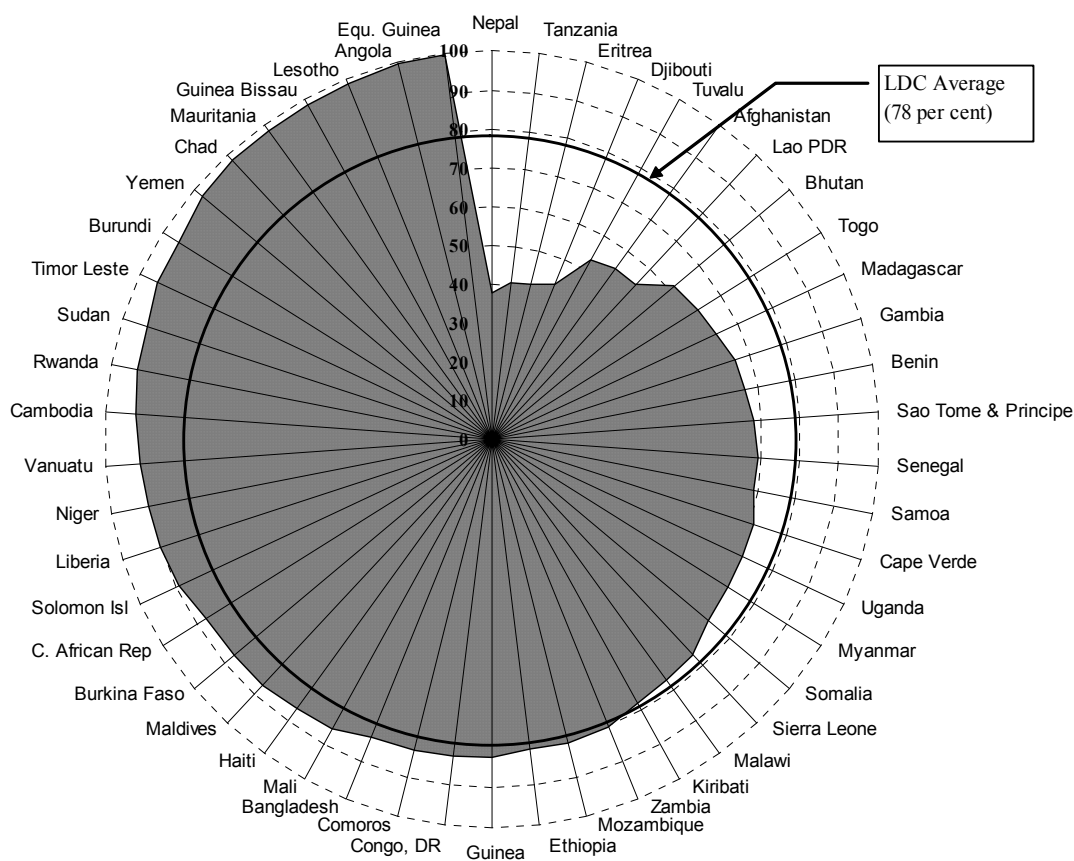
^aBased on imports from LDCs by 134 countries and economies reporting their trade to the UNSD Comtrade Database.

^bData includes flags of convenience.

Source: WTO, based on UNSD Comtrade database.

12. Export concentration continues to be the typical feature of the LDCs' export profile as their export structure is limited to a few tariff lines. Three main products represented almost 80 per cent of total export revenues in 2005 for over half of the 50 LDCs. The dependence ratio is above 90 per cent for some 15 countries (see Chart 4). Very few LDCs have a diversified export structure that could evenly spread the risks inherent to international market fluctuations. In 2005, only four countries (Djibouti, Eritrea, Nepal and Tanzania) had below the 50 per cent export revenues dependence ratio with respect to their three leading export products. It may also be noted that the three main export products for each individual LDC vary from one to another showing the variation of the export structure across LDCs.

Chart 4: Share of LDCs' top three exported products in their total merchandise exports, 2005 (Percentage)



Source: WTO

13. Contrary to what is usually expected in the trade literature on developed or emerging economies, export concentration in most LDCs is not fundamentally linked to the small size of the country (population or territory). Most highly specialized LDCs are oil or commodity producers, as exemplified by Angola. Also, Bangladesh stands out as a large non-oil country whose export revenue is almost exclusively dependent on a few labour intensive products (apparel and leather products) in addition to crustaceans. The above shows that, irrespective of the size of an LDC, continued efforts to diversify the LDCs' export base need to be made.

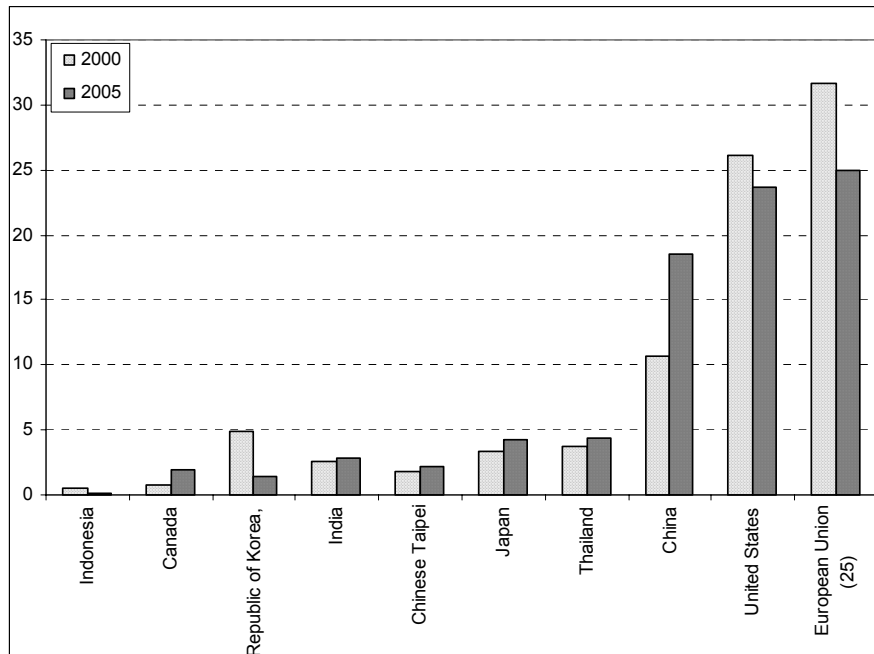
3. Major Markets

14. The European Union (EU) and the United States jointly account for nearly 50 per cent of LDC exports in 2005 (Chart 5). This is obviously due to the economic weight of these two large markets, but also, as will be analyzed in more detail later in this note, to a series of preferential market access schemes given to the LDCs.

15. Nevertheless, this "duopsonistic" pattern has gradually eroded since the late 1990s by the emergence of China as a third largest destination for LDC exports, absorbing 18 per cent of their total exports in 2005, mainly primary commodities. In 2005, as noted in Table 4, LDCs' fuel exports to developing countries were even slightly higher than to developed economies (US\$20.9 billion against US\$20.5 billion).

16. A few other products of significant importance to the LDC group (i.e., those weighting more than 3 per cent of the value of total non-oil LDC export) were predominantly exported to other developing countries. These included copper and articles thereof (HS 74), cotton, not carded or combed (HS 5201) and wood and articles of wood, wood charcoal (HS 44). Developed economies, to the contrary, are the main destination of articles of apparel (HS 61 and 62), and of food products in general - e.g., fish, crustaceans, molluscs, aquatic invertebrates *nes* (HS 03), coffee, tea, mate and spices (HS 09).

Chart 5: Top 10 markets for LDC exports of goods, 2000-2005 (percentage)



Source: WTO

Table 5: Imports of agricultural products, fuels and manufactures of the EU, Asia and North America from LDCs, 2005

(Million dollars and percentage)

	European Union (25)				Asia ^a				North America ^b		
	Value	Annual changes			Value	Annual changes			Value	Annual changes	
	2005	2004			2005	2005			2004	2005	
A. Agricultural products											
Total LDCs	3550	3.0	11.7	Total LDCs	4280	22.3	15.7	Total LDCs	658	14.1	-6.8
Uganda	357	9.8	22.7	Myanmar	1292	13.1	23.6	Bangladesh	158	107.6	-17.3
Tanzania	347	4.9	16.8	Tanzania	289	14.1	23.0	Liberia	107	58.3	12.6
Senegal	304	-7.1	-2.9	Burkina Faso	228	110.0	20.6	Malawi	96	-39.0	166.7
Ethiopia	269	20.3	41.6	Benin	213	26.8	2.4	Ethiopia	61	26.5	41.9
Madagascar	267	0.3	-29.0	Solomon Is	185	41.2	14.9	Madagascar	45	-19.6	-71.2
Bangladesh	250	-5.7	7.3	Ethiopia	168	51.6	73.2	Cambodia	29	2250.0	-38.3
Malawi	210	-14.2	8.2	Vanuatu	141	225.0	8.5	Uganda	22	-35.9	-12.0
Sudan	166	23.1	15.3	Mali	138	53.2	-17.4	Haiti	21	0.0	16.7
Mozambique	154	2.5	27.3	Mauritania	134	35.2	8.9	Tanzania	19	-12.5	35.7
Togo	136	22.2	106.1	Bangladesh	133	6.7	38.5	Chad	16	75.0	128.6
Mauritania	119	-7.3	4.4	Nepal	127	5.4	62.8	Sudan	14	33.3	250.0
Congo, Dem. Rep. of	117	62.7	41.0	Mozambique	115	13.3	12.7	Mozambique	10	33.3	25.0
Others (38)	854	3.6	12.8	Others (38)	1117	10.3	4.6	Others (38)	60	-32.6	-3.2
B. Fuels and Mining Products											
Total LDCs	7211	25.0	70.4	Total LDCs	24362	63.3	34.6	Total LDCs	13200	21.1	80.3
Angola	2701	5.8	155.1	Angola	8749	74.4	35.8	Angola	9054	6.1	90.4
Eq. Guinea	1837	-1.3	106.6	Sudan	4736	55.2	45.5	Eq. Guinea	1959	19.6	38.9
Mozambique	1105	65.3	20.2	Yemen	4605	8.7	23.0	Chad	1559	3990.0	90.6
Mauritania	440	30.6	43.3	Eq. Guinea	2079	346.1	26.3	Yemen	295	-7.7	391.7
Guinea	376	17.5	27.5	Myanmar	1701	49.9	45.5	Congo, Dem. Rep. of	142	-25.2	32.7
Congo, Dem. Rep. of	299	-5.1	32.9	Zambia	716	161.7	12.6	Guinea	92	-10.8	10.8
Chad	159	...	-22.8	Rwanda	397	...	32.0	Niger	61	...	144.0
Zambia	118	130.4	-8.5	Chad	304	...	36.9	Zambia	30	180.0	7.1
Others (42)	176	36.0	-13.7	Others (42)	1075	80.6	56.9	Others (42)	8	-35.1	-78.4
C. Manufactures											
Total LDCs	9787	23.0	0.0	Total LDCs	2148	25.3	24.1	Total LDCs	6888	9.0	13.3
Bangladesh	4853	30.7	-4.4	Bangladesh	541	12.4	10.6	Bangladesh	3126	11.8	18.0
Liberia	1076	17.4	-14.7	Senegal	286	19.0	75.5	Cambodia	1951	18.6	18.2
Cambodia	651	31.4	-11.5	Nepal	261	27.8	-2.2	Haiti	452	13.0	20.9
Angola	547	-48.2	277.2	Liberia	236	800.0	227.8	Lesotho	431	17.8	-14.1
Congo, Dem. Rep. of	486	-4.6	-3.4	Myanmar	221	26.1	-4.7	Madagascar	307	64.2	-14.2
Senegal	316	132.0	444.8	Cambodia	192	9.8	7.3	Eq. Guinea	162	-3.7	57.3
Madagascar	278	32.1	12.6	Angola	97	-85.7	4750.0	Nepal	129	-13.2	-21.8
Myanmar	271	34.3	-45.5	Bhutan	70	37.8	37.3	Congo, Dem. Rep. of	120	-40.5	445.5
Eq. Guinea	170	-16.1	20.6	Vanuatu	50	55.6	19.0	Angola	58	57.1	75.8
Lao P. Dem. R	165	20.5	3.8	Zambia	25	43.8	8.7	Afghanistan	25	-16.7	400.0
Niger	144	63.1	5.1	Lao P. Dem. R	20	62.5	-23.1	Malawi	24	20.0	-20.0
Sierra Leone	132	21.0	3.9	Madagascar	19	10.0	72.7	Tanzania	17	8.3	30.8
Nepal	109	18.6	-5.2	Ethiopia	18	133.3	28.6	Guinea	14	-36.4	100.0
Others (37)	589	25.8	0.7	Others (37)	112	33.3	-30.0	Others (37)	72	-61.9	-56.1

^aAustralia; China; Hong Kong, China; India; Indonesia; Japan; Korea Rep. of; Malaysia; New Zealand; Philippines; Singapore; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei); and Thailand.

^bCanada and United States.

Source: WTO

17. For many LDCs, the importance of developing country markets is increasing as a destination for their exports. They are the dominant export destination (i.e., representing 50 per cent or more of the external sales) for 21 out of the 50 LDCs in 2005, as can be seen in Chart 6. By comparison, this number was 15 countries in 2003, showing that South-South trade is not only important, but also increasing.

18. While manufactured products (dominantly textiles and clothing) are principally exported to developed country markets, one of the challenges facing LDCs is to increase the share of value-added products exported to the developing countries. Most of these exports are concentrated on commodities and low value-added products (food, raw materials and oil represent about 85 per cent of these exports).⁷

19. Table 5 shows the cross tabulation of products and markets of destination for LDC exports for the year 2005. In 2005, fuels and mining products were the top two fastest growing LDC export products in all three destination markets reviewed in Table 5. Asia increased its demand from LDCs by 66 per cent in 2004 and was by far the most dynamic market as far as these products are concerned. In 2005, demand from the EU and North America increased rapidly (70 per cent and 80 per cent, respectively), due to a surge of exports from Angola and Equatorial Guinea. Asian demand, in parallel, kept on increasing by a hefty 40 per cent in 2005. It should be noted that Asia (including Oceania) now represents the major destination for fuels and other minerals exported from LDCs (US\$21.5 billion compared to US\$13.2 billion and US\$7.2 billion exported, respectively, to North America and Europe in 2005).

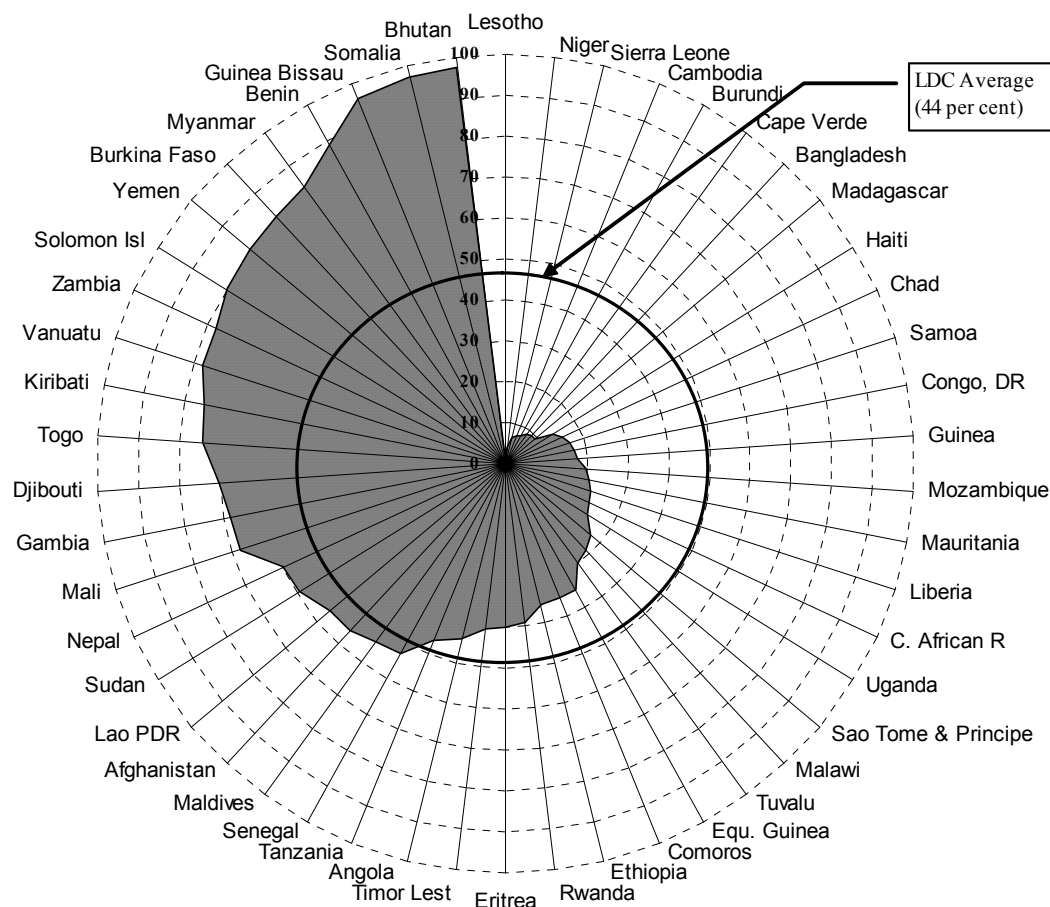
20. Asia is also becoming a major destination for LDCs' agricultural exports, albeit by a much lower margin than fuels and other minerals. This position is being consolidated, as this market increased by 20 per cent in 2004 and 17 per cent in 2005, showing greater dynamism than in the case of the EU or North America (in the latter case, imports from LDCs retreated 7 per cent in 2005).

21. On the contrary, in 2005, manufactured products were principally exported to Europe (US\$9.8 billion) and North America (US\$6.9 billion). The average growth rates for 2004 and 2005 show that these two markets increased their imports of manufactured products by 11 per cent annually. Demand from Asia increased more than twice this growth rate (25 per cent), albeit starting from a lower basis of the value of US\$2.0 billion in 2005.

22. The above shows that the EC and the US continue to dominate as the export destination for LDCs with China in the third position. LDC exports to developing countries have been increasing over the last five years reaching 38 per cent of LDC exports in 2005. In terms of regions, Asia is becoming an increasingly important destination for LDC exports.

⁷ WT/COMTD/LDC/W/38.

Chart 6: Share of developing countries' in LDC exports, 2005 (percentage)



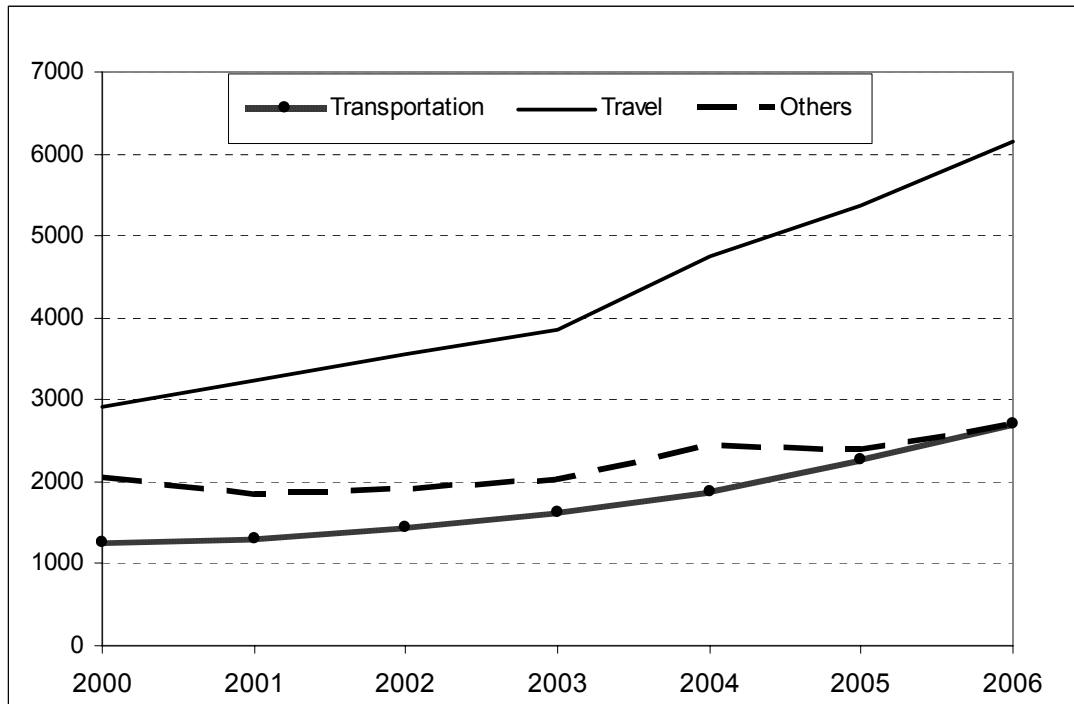
Note: Calculation based on Developing Countries' imports, as the share of LDCs in all reported total imports.
Source: WTO

B. LDC PARTICIPATION IN WORLD TRADE IN SERVICES

1. Global Trends

23. Exports of commercial services from LDCs have been increasing steadily with an average growth rate of 10 per cent over the 2000 to 2006 period. As mentioned earlier, their evolution closely follows that of the merchandise exports, excluding fuels and minerals. The share of LDCs in world trade in commercial services was 1 per cent in 2005, up from 0.4 per cent in 2003.

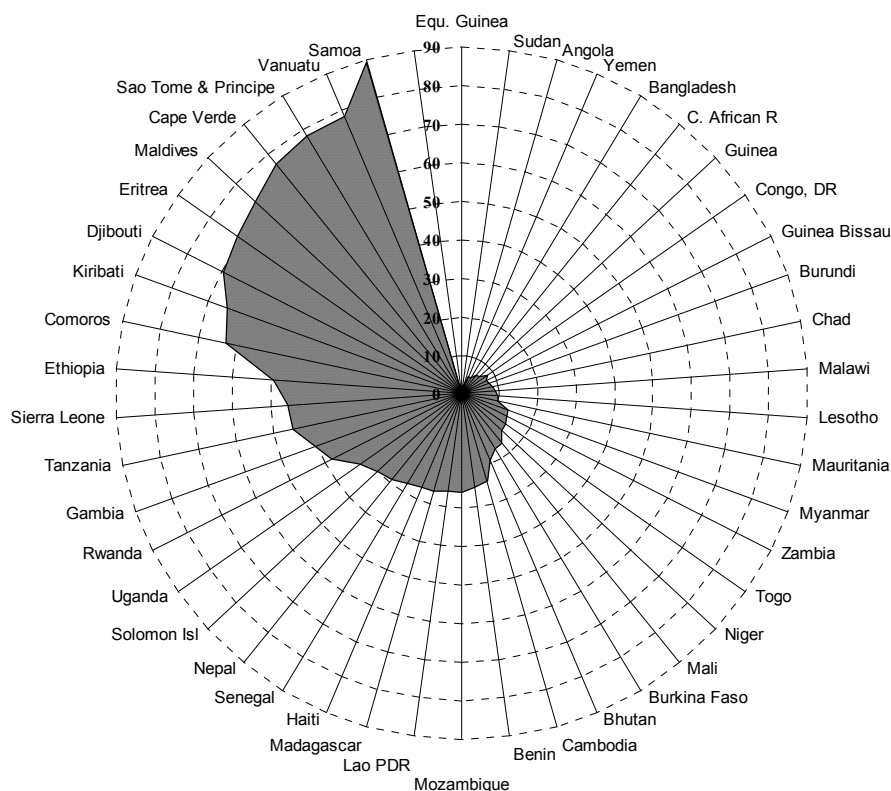
Chart 7: Services exports by LDCs, 2000-2005 (million US\$)



Source: WTO

24. As was previously indicated in Chart 1, the share of LDC trade in services in LDC total exports of goods and services was 12 per cent in the 2000 to 2006 period. However, this general picture covers a large heterogeneity at the country level. As can be seen in Chart 8, for some countries, services activities are a dominant part of their export structure. For example, in 2005, services accounted for almost 90 per cent of Samoa's exports, a typical feature of many small developing islands that have generally an important tourism sector. However, the share of services can also be important for larger LDCs such as Ethiopia (49 per cent) where the bulk of the services exported is related to transportation.

Chart 8: Share of services in total LDC exports, 2000-2005 average



Source: WTO

25. As can be seen in Table 6, travel is the most important service export for the LDCs by a wide margin (more than 50 per cent of total services in 2006), which has been increasing steadily since the year 2000. Transportation followed the same path, while the receipts from other commercial services have been stagnating during the past three years.

Table 6: Relative importance of services categories in LDC services exports, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Commercial Services	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- Transportation	20.3	20.6	20.9	21.7	20.8	22.6	23.5
- Travel	46.8	50.7	51.5	51.3	52.3	53.6	53.3
- Other commercial services	32.8	28.7	27.6	27.0	26.9	23.8	23.2

Note: Based on balance-of-payments data.

Source: WTO

26. The category "other commercial services" accounts for nearly a quarter of LDCs' commercial services exports in 2006. It includes transactions such as construction, computer and information, and other business services (e.g. legal, accounting, management and public relations services) which are often traded involving presence of natural persons (mode 4). The LDCs that contribute the most to this services category are Senegal (13 per cent of total LDC commercial services exports) and Bangladesh (12 per cent).

27. The following section will focus on one specific sector, tourism, where several LDCs have a comparative advantage in service exports.

2. Tourism

28. As mentioned earlier, LDCs' participation in services trade is heterogeneous. Where it is a dominant sector, it is typically due to the presence of tourism activities, a sector that has been recognized to be of strategic value for its development potential by the Brussels Programme of Action for the LDCs for the decade 2001-2010. These exports of services correspond principally to mode 2 (GATS).

29. LDCs are still marginal players in the tourism world market (1.2 per cent of the world market share in terms of international tourism arrival in 2005, according to the World Tourism Organization (UNWTO). However, their market is growing rapidly: between 2000 and 2005, tourist arrival increased by a cumulated 48 per cent compared to only 17 per cent worldwide. The corresponding financial receipts for host countries grew during the same period by 76 per cent against a world average of 41 per cent (see Table 7). As a result, tourism receipts calculated by UNWTO represented in 2005 almost 8 per cent of total exports of goods and services for a group of 33 LDCs (where information is available). This ratio may increase up to 80 per cent in the case of Samoa, the Maldives (70 per cent), Sao Tome and Principe (56 per cent) and Vanuatu (43 per cent).

30. It should be noted that net receipts from tourism exports are usually much lower than the above-mentioned figures, because a significant share of gross income leaks out of the LDCs, in the form of repatriation of benefits by foreign investors, and the imports of related inputs. Nevertheless, economic and social benefits from the export of tourism services are considered much greater than the net financial flows, due to the labour intensive nature of the industry, and its diverse indirect economic impact on local communities, especially for micro and small enterprises (see UNWTO, 2007).

Table 7: Exports of tourism services by LDCs: main indicators 1990-2005

A. International tourist arrivals	Millions of arrivals			Market share (%)			Average annual growth (%)	
	1990	2000	2005 ^a	1990	2000	2005 ^a	1990-2000	2000-2005
World	439	689	808	100	100	100	4.6	3.3
Least-developed countries	2.9	6.4	9.5	0.7	0.9	1.2	8.4	8.2
Developing countries ^b	126	243	326	28.6	35.2	40.3	6.8	6.1
B. International tourist receipts	US\$ billion			Market share (%)			Average annual growth (%)	
	1990	2000	2005 ^a	1990	2000	2005 ^a	1990-2000	2000-2005
World	273	483	682	100	100	100	5.9	7.1
Least-developed countries	1.1	3.0	5.3	0.4	0.6	0.8	10.5	12.0
Developing countries ^b	50	126	205	18.1	26.1	30.1	9.8	10.2

^aor latest year with available data.

^bexcluding high-income developing economies.

Source: World Tourism Organization

31. The LDCs' market share has been increasing in terms of arrivals, but this increase has not been reflected in a proportional increase in receipts, due to a lower amount spent by a person. While the average world tourist spent US\$844 during his or her stay in 2005, the corresponding amount was only US\$558 for LDCs (US\$629 per person, for all developing countries).

32. While the statistics shown above reveal that travel (mostly tourism) is the major service sector of export interest to LDCs, it should be noted that a large number of LDCs have identified other sectors and modes of supply with great potential such as mode 4. It is recognized that trade in services through mode 4 is difficult to capture in statistics.

III. MARKET ACCESS CONDITIONS FOR LDC EXPORTS

A. INTRODUCTION

33. While the previous section reviewed the recent trends in LDC exports of goods and services, the objective of this section is to analyse the trade policy measures adopted by importing countries on products from LDCs. Generally, LDCs benefit from non-reciprocal preferences as far as trade in goods is concerned, especially in developed country markets. These preferences are not always utilized by the LDCs, for a number of reasons that are touched upon in this section.

34. The idea of non-reciprocity as a way of strengthening the trade-development relationship in developing economies has been present since the Kennedy Round of multilateral trade negotiations, in the early 1960s. Since then, the rise in the world trade scenario of newly industrialized countries and emerging economies contributed to a modification and enrichment of the analysis of the preferential tariffs, specifically for LDCs. Consequently, the present section will review the preferential tariff measures affecting LDC exports to both developed and developing countries.

35. It should be kept in mind that non-reciprocal trade preferences are often not sufficient to create conditions for export-led growth in LDCs, due to a series of often cited structural constraints.⁸ These constraints are usually compounded by a series of additional transaction costs that greatly reduce the comparative advantage of LDC export, as indicated in Box 1. This set of limitations is being addressed by the international community through Aid for Trade, and the Enhanced Integrated Framework (EIF) in particular, as a necessary complement to non-reciprocal preferential regimes to boost exports from the LDCs.

Box 1: LDCs' competitiveness and export-transaction costs

Trading involves a series of transaction costs — delays, documents and administrative fees — that increase domestic prices and may lead to loss of market share or missed business opportunities. These costs are part of the supply constraints that frequently reduce the international competitiveness of LDCs and limit their trade potential.

To give a measure of the importance of transaction costs in gaining or losing competitiveness, one can refer to the recent international study by the World Bank and the International Finance Corporation (Doing Business 2007: How to Reform), which estimates that – on global average – each day a product is delayed in transit reduces trade by at least 1 per cent, and that reducing trade costs by 50 per cent could increase global trade in manufacturing by up to US\$377 billion a year and triple the benefits for consumers from tariff reductions. This report refers also to a study which estimates that Bangladesh's garment exports could earn 30 per cent more if congestion and other difficulties at the port of Chittagong were resolved.

The comparison of transaction costs confirms that LDCs face a comparative disadvantage when exporting goods (see the table below). Time required by export procedures, including the waiting time between procedures and during unloading of the cargoes, is particularly high compared with other groupings. The higher unit costs that LDCs face (almost US\$1,500 per container, which is 83 and 68 per cent more than in the OECD and East Asia and Pacific, respectively) greatly reduce the effective preference margins that LDCs receive for their exports.

Table - Costs of exporting, 2006 or most recent survey period

Grouping or Region^a	Documents for export (number)^b	Time for export (days)	Cost to export (US\$ per container)^c
World average	7.2	27.6	1,192
Least Developed Countries	8.2	41.5	1,484
East Asia & Pacific	6.9	23.9	885
Europe & Central Asia	7.4	29.2	1,450
Latin America & Caribbean	7.3	22.2	1,068
Middle East & North Africa	7.1	27.1	924
OECD	4.8	10.5	811
South Asia	8.1	34.4	1,236
Sub-Saharan Africa	8.2	40.0	1,561

^aDefined according to World Bank definition, which may not coincide with WTO regional denominations; countries part of the LDC group may also be included their regional groupings.

^bDocuments include bank documents, customs declaration and clearance documents, port filing documents, import licenses and other official documents.

^cCost is recorded as the fees levied on a 20-foot container, excluding tariffs or trade taxes.

Source: World Bank Doing Business Project -Trading Across Borders website (<http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders>) August 2007.

⁸ As far as non-tariff measures (NTMs) are concerned, an extensive analysis of the economics of standards, and their effect on international trade is presented in the 2005 issue of the World Trade Report. More recently, a note was prepared by the Secretariat (WT/COMTD/LDC/W/39), presenting an in-depth analysis of NTMs. Since (i) relevant information is limited and heterogenous, and (ii) notifications by LDCs regarding NTMs are limited, the results of the above mentioned note can still be considered as providing a reasonable picture of NTMs faced by LDCs in their export markets.

B. TARIFF MEASURES AND DUTY-FREE ACCESS IN MERCHANDISE TRADE

1. Tariff Measures

36. Table 8 provides a first evaluation of the relevance of special treatment for LDC exports in selected major destinations in 2005. The data provide information on the theoretical tariffs the LDCs would face if the usual MFN treatment on their exports were applied, when the destination is either a developed or a developing country (second column). The last two columns refer to the hypothetical MFN tariffs that would be paid by LDCs, using two weighting structures. The weights in the fourth column are based on the actual exports of LDCs to each respective market destination, while the fifth column weights the national tariffs using the total export structure of all LDCs. The latter indicator is less sensitive to the endogeneity bias on actual bilateral trade flows that are due to the specific tariff advantages.⁹

Table 8: Tariff profile of selected markets, 2005

Markets ^a	Simple average	Trade weighted average		
		All partners	LDC partners	Typical LDC structure
Australia	3.4	3.2	3.1	3.2
Canada	3.6	2.8	6.0	3.8
European Union	4.2	2.7	5.3	3.1
Japan	3.1	2.2	6.8	4.6
New Zealand	3.1	3.7	0.4	3.5
Norway	1.1	0.8	17.5	2.0
United States	3.6	2.7	9.7	6.6
Average Developed^b	3.2	2.6	7.0	3.8
Brazil	12.4	8.5	0.8	5.9
China	10.0	5.1	1.6	5.4
India	18.5	13.4	20.0	14.8
Indonesia	7.0	5.2	2.1	3.8
Korea, Republic of	11.2	7.0	4.9	7.6
Mexico	14.5	12.8	21.9	14.8
Singapore	0.0	0.0	0.0	0.0
South Africa	7.7	6.0	3.1	7.9
Taipei, Chinese	5.8	2.4	1.4	4.5
Thailand	9.6	4.7	1.7	5.7
Average Developing^b	9.7	6.5	5.8	7.0

^aMarkets were selected on the basis of their relevance for LDCs and the information available.

^bSimple average.

Note: All calculations are at the 6-digit level; non-*ad valorem* duties are excluded.

Source: WTO, based on WTO, UNCTAD and ITC data.

⁹ Based on the assumption that trade is price (and tariff) elastic, endogeneity bias (sometimes referred also to as simultaneity bias) refers to the fact that high (alternatively, low) tariffs will induce low (high) trade flows, leading to a lower weighted average. Using a weighting structure that is independent of the tariff structure (i.e., the actual exports of LDCs to all markets) reduces this bias. The difference between the two results is therefore an indicator of the impact the (actual) preferential tariffs applied to LDCs had on their bilateral trade flows.

37. The simulation indicates that without preferential treatment, the LDC exports would in general be subject to higher tariffs than the other trading partners in developed markets. The existence of preferences has an impact on the LDCs' export structure, as indicated by the positive difference between the average tariff weighted by the actual exports (7 per cent) and the expected value based on average trade structure (3.8 per cent). This means that goods exported to these countries from LDCs were predominantly facing higher MFN tariff. The economic explanation of this result is that the LDCs actually had a greater preference margin over MFN for these products. This pattern is confirmed by data provided in Box 2, which shows that LDCs benefit from lower tariffs in developed markets, compared to other developing countries.

38. This is not the case for destinations other than developed markets (developing and transition economies), where LDCs predominantly export products facing low MFN tariffs, i.e. without preference margins. The actual weighted tariff based on MFN is 5.8 per cent while the expected value based on average trade structure would be 7 per cent, meaning that the actual respective MFN tariff structure for each destination market is the determining factor (i.e., that LDC exporters actually face these tariffs, and do not usually benefit from specific treatment).

2. Duty-free Tariff Lines on Imports from LDCs

39. Duty-free and quota-free (DFQF) market access for products originating from LDCs has been a long-standing aspiration of LDCs in the multilateral trading system¹⁰ and indeed the shared objective of the international community as expressed in the Millennium Development Goals in addressing the special needs of LDCs (see Box 2). The WTO Sixth Ministerial Conference held in Hong Kong, China in December 2005 agreed to provide DFQF market access at least for 97 per cent of products originating from LDCs (see Section IV).

¹⁰ DFQF market access has been one of the priorities reflected in all Declarations adopted by LDC Trade Ministers in Zanzibar, Tanzania in July 2001, as contained in document WT/L/409; Dhaka, Bangladesh in June 2003, as contained in WT/L/521; Dakar, Senegal in May 2004, as contained in WT/L/566; and in Livingstone, Zambia, June 2005, as contained in WT/L/614. It was also one of the common objectives agreed to by WTO Members, as expressed in paragraph 42 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1).

Box 2: LDC market access indicators in the Millennium Development Goals

Information contained in this box is based on the joint work done by the International Trade Centre (ITC), United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) to research the market access conditions granted by developed countries, as part of the monitoring exercise of the Millennium Development Goals.* Market access conditions are monitored by a series of indicators that reflect the level and structure of tariffs faced by developing and least-developed country exports in selected developed country markets (Australia, Canada, the EU, Japan, Norway, Switzerland and the US). Incidentally, a close comparison of the situation of developing and least-developed countries on the same indicators draws interesting light on the evolution of preference margins within the broader group of developing economies.

Two indicators are being used: (i) the degree of duty-free access in terms of the value of developing and least-developed country exports entering developed countries; and (ii) the average tariffs imposed by developed countries on products of special interest to developing and least-developed countries, such as imports of agricultural, textile and clothing products.

1. Duty-free access

The degree of duty-free access is measured by the share of imports entering duty free, using a standard export structure to correct for possible endogeneity problems.**

Table - Duty-free access for developing and least-developed countries, 2000-2005

	(percentage) ^a					
Coverage and beneficiaries:	2000	2001	2002	2003	2004	2005
Excluding arms:						
Developing countries ^b	63	67	66	71	76	76
Least-developed countries	75	78	75	78	81	82
Excluding arms and oil:						
Developing countries ^b	65	64	68	70	75	75
Least-developed countries	70	71	70	73	79	79

The Table above shows that the LDCs receive some margin of preference in relation with other developing countries, and over 82 per cent of their total exports (excluding arms) entered duty free into developed country markets in 2005, showing a marginal increase over the previous year. Nevertheless, the relative advantages offered to the LDCs are less pronounced when arms and oil are excluded from the calculation.*** Excluding arms and oil, the proportion of duty-free exports from LDCs is less than 4 percentage points higher than the average for developing countries (78.7 per cent against 75.3 per cent in 2005).

^aProportion of developed country imports from developing countries and least-developed countries, entering free of duty.

^bIncluding least-developed countries.

Source: Calculations prepared by the ITC, UNCTAD and the WTO. <http://www.mdg-trade.org/Index.aspx>

*This activity is part of an inter-agency commitment for the monitoring of the Millennium Development Goals. More detailed statistical and analytical information on market access can be found at the inter-agency website: <http://www.mdg-trade.org/>

**For this reason, the indicators are computed using standard import weights (i.e., standard for all LDCs and all markets, to correct partially the bilateral bias caused by the product composition of imports). Using the proportion of duty free tariff lines (TL) to provide an unbiased estimator might be misleading, as a small proportion of protected TL on such "sensitive" products as food or clothing runs the risk of excluding a considerable part of LDCs' export potential.

***Five LDC oil exporters account for more than 55 per cent of total LDCs exports in 2005.

Box 2 (cont.)

2. Tariffs on agriculture, textiles and clothing

The Table below presents information on developed countries' average tariffs on agriculture, textiles and clothing products. As illustrated in the impact of oil exports on the duty-free access indicator, average tariffs which take account of preferences vary in relation to product composition. It should be noted that agriculture products and clothing in general are taxed more by developed countries than other products.**** Tariff peaks, for example, are often concentrated in products that developing countries export – staple food, tobacco, beverages, clothing and footwear – albeit that the situation is better for agricultural products exported by LDCs, compared to those exported by other developing countries. This may be explained because preferential tariff rate quotas (TRQs) are fairly common among agricultural products (e.g., European Union' Cotonou Agreement or the US Caribbean Basin Initiative). The benefit of a reduced (or zero) tariff within a quota is limited to a set of preference receiving countries, giving rise to potentially substantial advantages for some recipient countries.***** For other products, LDCs' preference margin over other developing countries is moderate. It should be noted that, as a rule of thumb, a 5 per cent margin of preference is usually considered a minimum threshold to compensate for non-tariff transaction costs (e.g., additional administrative documentations) and generate an actual preference or induce the exporters to claim preferential rate instead of MFN. *****

Table - Developed countries' average tariffs on imports on key products from developing and least-developed countries, 2000-2005

Products and beneficiaries:	(percentage)					
	2000	2001	2002	2003	2004	2005
Agricultural goods						
Developing countries ^a	9.4	9.3	9.5	9.4	9.2	8.9
Least-developed countries	3.7	2.7	2.8	2.8	3.2	3.1
Textiles						
Developing countries ^a	6.6	6.6	6.0	5.8	5.2	5.3
Least-developed countries	4.0	3.8	3.8	3.4	3.2	3.2
Clothing						
Developing countries ^a	10.8	11.3	10.7	10.4	9.2	8.9
Least-developed Countries	7.8	7.7	8.1	7.7	6.6	6.6

^aIncluding LDCs.

Source: Calculations prepared by the ITC, UNCTAD and WTO (<http://www.mdg-trade.org/Index.aspx>)

****From an economic and social perspective, the composition of exports has a large impact on the trade-development linkage. Labour-intensive activities like agriculture and textiles are more conducive to sustainable economic and social development than the export of oil and minerals, non-renewable commodities whose extraction relies largely on investment in, often imported, physical capital.

*****(Bouët et al., 2005).

*****See for example, François, Hoekman and Manchin (2005).

(a) Developed Countries

40. Table 9(a) presents a disaggregation of market access conditions facing LDC exports both in terms of tariff lines and trade value, by groups of products, in selected developed country markets for the year 2005.

41. In 2005, Australia, Canada, EC, New Zealand and Norway, provided total or nearly total duty-free status to imports from LDCs. When imports are not totally allowed duty free, dutiable tariff lines are usually concentrated in agriculture and in manufactured products (i.e., non-agriculture, excluding ores, petroleum and other raw materials). Indeed, the basic pattern of MFN tariffs reveals that many importing countries do not tax minerals and petroleum products under the MFN regime, therefore LDCs do not enjoy additional preference under those lines.

42. Table 9(a) also shows that in 2005, Japan, Switzerland and the US were the three countries that were yet to provide total or nearly total duty-free status to LDC exports. The percentage of duty-free tariff lines for the US was 84 per cent, while that of duty-free imports was 70 per cent. For Switzerland, the respective figures were 86 per cent and 97 per cent. The incidence of dutiable tariff lines is concentrated in the non-agricultural sector for the US, while in the case of Switzerland the dutiable tariff lines are concentrated in the agriculture sector. In the case of Japan, the percentage of duty-free tariff lines was 86 per cent, while the percentage of duty-free imports was 27 per cent. For Japan, it is the tariff they levy on petroleum products that explain the overall small percentage of their duty-free imports from LDCs. It may also be noted that both Japan and Switzerland have recently improved their market access schemes for LDCs (See Section IV).

43. It can also be seen from Table 9(a) that a high number of duty-free tariff lines does not necessarily ensure a high percentage of duty-free imports. Moreover, even if the overall percentage of duty-free imports is high, there may be substantial variation between imports of agriculture and non-agricultural products from LDCs.

(b) Developing Countries

44. The recent trends in world trade revealed the increasing importance of developing countries' demand as a source of growth for international trade. Growth in South-South trade has generally exceeded that of world trade over the past 15 years. With this strong trend, share of South-South trade in total world trade climbed from 8 per cent in 1990 to more than 16 per cent in 2005. As a result, the issue of market access to developing countries is of growing importance to the LDCs.

45. Since 1989, some developing countries have been providing duty-free access to a limited number of products from LDCs under the Global System of Trade Preference (GSTP).¹¹ These preferences, which are still of limited importance, are complemented by a series of bilateral or regional preferential market access schemes, as well as a few non-reciprocal preferential schemes.¹² Since much of South-South trade, especially for processed goods, occurs at intra-regional level, trade preferences given under these regional trade agreements have gained relevance in some cases.

46. Although a number of developing countries have some measures in favour of LDCs, preferential access granted by developing countries to the LDCs as a group is still limited (see Table 9(b)). The general pattern emerging from the table is that duty-free access is usually granted on an MFN basis. It focuses on raw commodities and petroleum rather than on manufactured or agricultural goods. It may also be noted that duty-free treatment, including preferential and MFN, across these goods is asymmetric. While Thailand is accepting 64 per cent of agricultural imports on a duty-free basis, in Korea the duty-free access is principally granted to non-agricultural products (75 per cent in terms of import value).

¹¹ In the first round of GSTP, 11 developing countries made specific concessions to their LDC partners. A new round was launched at UNCTAD XI in Brazil in 2004, with the objective of extending the commitments in favour of LDCs.

¹² See also Annex Table 2 for market access initiatives granted by developing countries to LDCs.

Table 9(a): Tariff treatment of LDC exports in selected developed markets, 2005

Market	Sector	NUMBER OF TARIFF LINES							IMPORTS (Million US\$ and percentage)				
		MFN			LDC Beneficiaries				Total	LDCs			
		Total	With imports	Dutiable tariff lines	With imports	Dutiable MFN imports	LDC Scheme			Total	Dutiable	Duty-free status (%)	
							Dutiable tariff lines	Dutiable imports				Tariff lines	Imports
Australia	Total	6,124	5,669	3,209	853	536	0	0	118,200.9	153.0	0.0	100.0	100.0
	Agriculture	775	637	215	100	29	0	0	5,086.3	16.9	0.0	100.0	100.0
	Non-agriculture	5,193	4,894	2,984	735	507	0	0	104,320.5	94.6	0.0	100.0	100.0
	Ores	33	26	0	2	0	0	0	209.9	0.1	0.0	100.0	100.0
	Petroleum	4	3	0	2	0	0	0	8,037.1	39.3	0.0	100.0	100.0
	Raw materials	119	109	10	14	0	0	0	547.1	2.1	0.0	100.0	100.0
Canada	Total	8,607	8,371	4,133	1,758	981	96	1	306,331.7	1,566.7	5.3	98.9	99.7
	Agriculture	1,389	1,281	837	271	124	96	1	17,211.7	22.8	0.0	93.1	100.0
	Non-agriculture	7,063	6,939	3,279	1,449	857	0	0	263,655.8	798.6	5.3	100.0	99.3
	Ores	33	30	0	6	0	0	0	1,817.7	17.9	0.0	100.0	100.0
	Petroleum	1	1	0	1	0	0	0	18,096.2	726.0	0.0	100.0	100.0
	Raw materials	121	120	17	31	0	0	0	5,550.3	1.4	0.0	100.0	100.0
European Communities	Total	10,096	9,817	7,365	3,595	2,703	30	5	1,316,478.0	19,621.1	399.6	99.7	98.0
	Agriculture	2,073	1,858	1,682	544	389	7	3	76,374.0	1,962.6	147.7	99.7	92.5
	Non-agriculture	7,829	7,770	5,655	2,982	2,307	23	2	946,330.9	10,578.8	251.9	99.7	97.6
	Ores	41	39	0	13	0	0	0	16,764.9	861.6	0.0	100.0	100.0
	Petroleum	2	2	0	2	0	0	0	209,383.5	4,734.1	0.0	100.0	100.0
	Raw materials	151	148	28	54	7	0	0	67,624.6	1,484.0	0.0	100.0	100.0
Japan	Total	9,255	8,205	5,539	791	496	1,284	81	507,975.7	3,476.2	2,532.6	86.1	27.1
	Agriculture	1,852	1,442	1,407	121	61	940	32	42,791.5	214.1	5.6	49.2	97.4
	Non-agriculture	7,235	6,610	4,119	648	433	341	47	328,178.9	786.3	77.4	95.3	90.2
	Ores	37	31	0	4	0	0	0	14,275.6	23.6	0.0	100.0	100.0
	Petroleum	2	2	2	1	1	2	1	79,772.9	2,449.6	2,449.6	0.0	0.0
	Raw materials	129	120	11	17	1	1	1	42,956.8	2.6	0.0	99.2	99.9
New Zealand	Total	7,432	6,560	3,197	541	370	47	1	26,032.3	139.9	0.1	99.4	99.9
	Agriculture	1,026	806	365	65	21	43	1	1,992.6	4.1	0.1	95.8	97.0
	Non-agriculture	6,258	5,642	2,828	465	349	4	0	22,147.7	7.8	0.0	99.9	100.0
	Ores	33	11	0	0	0	0	0	1.0	0.0	0.0	100.0	n.a.
	Petroleum	1	1	0	1	0	0	0	1,624.0	118.6	0.0	100.0	100.0
	Raw materials	114	100	4	10	0	0	0	267.1	9.3	0.0	100.0	100.0

Market	Sector	NUMBER OF TARIFF LINES							IMPORTS (Million US\$ and percentage)				
		MFN			LDC Beneficiaries				Total	LDCs			
		Total	With imports	Dutiable tariff lines	With imports	Dutiable MFN imports	LDC Scheme			Total	Dutiable	Duty-free status (%)	
							Dutiable tariff lines	Dutiable imports				Tariff lines	Imports
Norway	Total	7,198	6,593	1,161	609	232	0	0	55,306.4	138.7	1.3	100.0	99.1
	Agriculture	1,362	1,104	833	73	26	0	0	3,410.0	16.6	0.0	100.0	100.0
	Non-agriculture	5,678	5,370	328	533	206	0	0	50,611.8	83.1	1.3	100.0	98.4
	Ores	33	13	0	1	0	0	0	323.5	9.3	0.0	100.0	100.0
	Petroleum	2	2	0	1	0	0	0	441.1	29.8	0.0	100.0	100.0
	Raw materials	123	104	0	1	0	0	0	520.0	0.0	0.0	100.0	100.0
Switzerland	Total	8,482	7,879	7,037	754	641	1,172	31	126,115.2	146.1	5.0	86.2	96.6
	Agriculture	2,232	1,822	1,925	134	107	1,161	31	7,317.3	44.0	4.9	48.0	88.9
	Non-agriculture	6,084	5,913	5,051	610	527	11	0	113,168.8	98.0	0.1	99.8	99.9
	Ores	33	24	0	0	0	0	0	2.6	0.0	0.0	100.0	n.a.
	Petroleum	2	1	0	0	0	0	0	1,931.4	0.0	0.0	100.0	n.a.
	Raw materials	131	119	61	10	7	0	0	3,695.0	4.1	0.0	100.0	100.0
United States	Total	11,202	10,666	6,623	1,653	1,078	1,812	585	1,597,342.7	18,184.9	5,379.2	83.8	70.4
	Agriculture	1,810	1,547	1,424	208	125	274	4	61,303.5	260.9	0.8	84.9	99.7
	Non-agriculture	9,212	8,948	5,171	1,411	947	1,538	581	1,329,428.5	6,741.6	5,378.4	83.3	20.2
	Ores	43	38	10	4	1	0	0	2,541.4	62.3	0.0	100.0	100.0
	Petroleum	2	2	2	2	2	0	0	129,081.6	10,804.4	0.0	100.0	100.0
	Raw materials	135	131	16	28	3	0	0	74,987.6	315.8	0.0	100.0	100.0

n.a.: not applicable.

Source: WTO, UNCTAD, ITC.

Table 9(b): Tariff treatment of LDC exports in selected developing markets, 2005

Market	Sector	NUMBER OF TARIFF LINES							IMPORTS (000'000s US \$)				
		MFN			LDC Beneficiaries				Total	LDCs			
		Total	With imports	Dutiable tariff lines	With imports	Dutiable MFN imports	LDC Scheme			Total	Dutiable	Duty-free status (%)	
							Dutiable tariff lines	Dutiable imports				Tariff lines	Imports
China	Total	7,550	6,945	6,912	684	581	-	-	602,731.7	15,267.1	1,138.8	8.5	92.5
	Agriculture	1,085	826	1,004	79	77	-	-	24,909.2	672.7	672.5	7.5	0.0
	Non-agriculture	6,277	5,950	5,761	555	475	-	-	494,917.1	903.1	450.3	8.2	50.1
	Ores	37	27	11	19	0	-	-	25,937.4	363.8	0.0	70.3	100.0
	Petroleum	1	1	0	1	0	-	-	47,722.8	13,311.5	0.0	100.0	100.0
	Raw materials	150	141	136	30	29	-	-	9,245.2	15.9	15.9	9.3	0.2
India	Total	11,693	9,854	11,406	1,585	1,511	11,406	1,511	148,339.5	2,278.5	2,264.1	2.5	0.6
	Agriculture	1,490	998	1,452	299	278	1,452	278	5,472.2	793.9	781.9	2.6	1.5
	Non-agriculture	9,907	8,631	9,658	1,243	1,190	9,658	1,190	85,922.3	1,384.5	1,382.1	2.5	0.2
	Ores	60	41	60	7	7	60	7	1,550.0	13.5	13.5	0.0	0.0
	Petroleum ¹	1	1	1	0	n.a	1	n.a	39,099.5	n.a	n.a	0.0	n.a.
	Raw materials	235	183	235	36	36	235	36	16,295.4	86.6	86.6	0.0	0.0
Korea, Republic of	Total	11,261	10,136	9,763	791	703	9,547	654	261,236.5	1,122.3	810.4	15.2	27.8
	Agriculture	1,537	1,238	1,507	78	77	1,460	70	10,982.2	26.4	19.4	5.0	26.4
	Non-agriculture	9,443	8,655	7,975	696	609	7,822	568	184,372.0	408.5	103.6	17.2	74.6
	Ores	48	33	48	2	2	41	2	5,157.0	103.6	103.6	14.6	0.0
	Petroleum	10	9	10	4	4	10	4	42,605.8	583.7	583.7	0.0	0.0
	Raw materials	223	201	223	11	11	214	10	18,119.4	0.2	0.2	4.0	7.4
Singapore	Total	10,688	10,284	6	2,393	2	-	-	198,299.1	459.3	1.1	99.9	99.8
	Agriculture	1,216	1,106	6	285	2	-	-	5,256.2	71.6	1.1	99.5	98.4
	Non-agriculture	9,294	9,025	0	2,093	0	-	-	172,058.4	274.3	0.0	100.0	100.0
	Ores	36	22	0	0	0	-	-	44.3	0.0	0.0	100.0	n.a.
	Petroleum	2	2	0	2	0	-	-	18,504.4	112.2	0.0	100.0	100.0
	Raw materials	140	129	0	13	0	-	-	2,435.9	1.2	0.0	100.0	100.0

Market	Sector	NUMBER OF TARIFF LINES						IMPORTS (000'000s US \$)					
		MFN			LDC Beneficiaries			Total	LDCs				
		Total	With imports	Dutiable tariff lines	With imports	Dutiable MFN imports	LDC Scheme		Total	Dutiable	Duty-free status (%)		
							Dutiable tariff lines				Dutiable imports	Tariff lines	Imports
Taipei, Chinese	Total	8,839	8,015	6,108	601	463	-	-	177,585.0	1,768.0	51.0	30.9	97.1
	Agriculture	1,421	1,144	1,085	77	51	-	-	7,307.0	95.9	15.6	23.6	83.7
	Non-agriculture	7,210	6,695	4,979	515	411	-	-	143,191.4	122.5	35.4	30.9	71.1
	Ores	40	27	0	2	0	-	-	947.3	0.0	0.0	100.0	100.0
	Petroleum	2	1	1	1	0	-	-	18,235.7	1,549.3	0.0	50.0	100.0
	Raw materials	166	148	43	6	1	-	-	7,903.5	0.3	0.0	74.1	99.7
Thailand	Total	5,505	5,214	5,256	1,065	1,012	-	-	115,672.9	3,595.0	2,369.2	4.5	34.1
	Agriculture	768	666	727	156	148	-	-	4,370.8	179.8	64.6	5.3	64.1
	Non-agriculture	4,592	4,417	4,401	884	847	-	-	90,367.0	855.5	789.0	4.2	7.8
	Ores	33	25	33	4	4	-	-	292.8	9.1	9.1	0.0	0.0
	Petroleum	1	1	0	1	0	-	-	16,903.6	1,038.1	0.0	100.0	100.0
	Raw materials	111	105	95	20	13	-	-	3,738.7	1,512.5	1,506.4	14.4	0.4

Notes: ¹Imports of crude petroleum are not broken down by partner country.

n.a.: not applicable.

"-": data on preferential treatment of LDC exports is not available.

Source: WTO, on the basis of WTO, UNCTAD and ITC data.

C. THE UTILIZATION OF PREFERENCES

1. An Overview

47. Benefits of non-reciprocal preferential market access can occur only to the extent it is actually utilized. From an accounting point of view, a preference utilization rate measures what has been saved in terms of tariff lay-outs due to the use of the preference, instead of entering the market through an MFN rate. From a development economics perspective, it measures the effective utilization of the margin of additional comparative advantage given to the LDC exports in relation to other countries receiving the MFN treatment.

48. If a preferential rate is fully utilized, then it is an accurate market access indicator; if not, then it is an indicator that the preferential regime may have conditions that impede its use (for example rules of origin), or limit its interest for exporters relative to other options (for example, when preferences are granted for a limited period of time and may not justify the administrative costs of shifting from one scheme to another).

49. Effective utilization of non-reciprocal preferences requires the fulfilment of certain conditions defining the extent of eligibility.¹³ There is a strong indication in the literature that the NTMs, such as rules of origin, have a direct bearing on the low utilization of preferences.¹⁴ It is also widely recognized that the limited capacity of LDCs for producing and processing internationally tradable goods is another factor for low utilization.

50. The computation of an indicator on utilization of preferences poses several difficulties. One is the availability of comprehensive and comparable official data on preferential schemes, especially for the EU.¹⁵ In addition, there are several ways to define the utilization of preferences, which may bias the interpretation of results. Since a product is often eligible to more than one preferential regime, while the export can only take place under one of them, a low rate of utilization for one specific regime is not always an indication of a low rate of preference utilization.¹⁶

51. Table 10 presents the aggregate results obtained for three developed economies, Canada, European Union and the United States. As can be seen, rates of utilization vary according to the definition and coverage used. For example, in 2005, 10 per cent of LDC exports to the US did not enter under the LDC specific programme (referred to as "GSP for LDC countries only"), but used other preferential treatments (e.g., AGOA or CBI). In addition, favourable treatment for oil represents a large part of the LDC specific preference in the US (more than 30 percentage points).

¹³ In practice, it is difficult to estimate the degree of preference utilization. The lack of comparable data on trade taking place under preference schemes complicates the study of preference utilization, and the broader issue of the value of preferences. Nevertheless, the available information is a guide to identify some stylized characteristics. See WT/COMTD/LDC/W/35 for more detailed information on the conceptual and statistical issues related to preference utilization.

¹⁴ As mentioned, see WT/COMTD/LDC/W/39 for an in-depth analysis of NTMs.

¹⁵ There is no official compilation of detailed data on EU imports under preferential regimes.

¹⁶ On the contrary, in some cases, the non-preferential tariffs may be prohibitive and the rate of utilization would be close to 100 per cent even when the preferential tariff is not very low in absolute term and limits potential exports.

Table 10: Preference utilization for selected developed markets, 2005

<i>Importing country^a</i>	<i>Coverage of preferences</i>	<i>Rate (%)</i>
Canada	General Preferential Tariff (GSP) and LDC tariffs	89
European Union	Including all preferential programmes ^b	[68 - 76] ^c
United States	Including all preferential programmes ^d	83
	- <i>Excluding oil</i>	66
	GSP for Least-developed beneficiary countries programmes only	73
	- <i>Excluding oil</i>	41

^aResults are not directly comparable between preferential schemes, due to difference in coverage and reporting. Indicators for Canada includes imports from LDCs, excluding Myanmar and Timor Leste; the EC includes LDCs, excluding Myanmar; US beneficiary countries include LDCs, excluding Timor Leste, Eritrea, Lao People's Democratic Republic, Liberia, Maldives, Myanmar, Senegal, Solomon Islands, Sudan.

^bInclude GSP and other preferential schemes such as Everything But Arms and the Cotonou Agreement.

^c The range depends on the handling of many "unknown treatments" that were compiled for the European Union countries, due, *inter alia*, to the variety of their preferential schemes and the unsystematic publication of their preference. The higher bound of the interval was obtained when the "unknown treatments" are imputed to preferential and non-preferential in same proportions as known treatments, the lower bound is obtained when "unknown treatments" are treated as non-preferential.

^d All preferential programmes: African Growth and Opportunity Act (AGOA); Caribbean Basin Initiative (CBI); Generalized System of Preferences (GSP); and GSP for Least-developed beneficiary developing countries (GSP-LDBC).

Source: WTO

52. The rate of utilization also depends on the type of products exported. On the one hand, granting preference to a country only on products that are already part of its natural basket of exports provides an immediate margin of advantage. On the other hand, this may reinforce the tendency to specialize in a limited range of products, which may not encourage export diversification and reduce the potential for broad-based export-led growth (especially when preferences are granted in oil and mineral products).

53. Another issue closely related to the utilization is the erosion of preferences, which has been brought up by preference beneficiaries within the context of the Doha negotiations on agriculture and for non-agricultural market access (NAMA). As a contribution to the negotiations, the Secretariat prepared an evaluation of the potential vulnerability to preference erosion for ACP countries and the LDCs that might emerge as a consequence of the negotiation on MFN liberalization, by comparing margins of preferences with rate of utilization in two preference-granting countries (see Box 3).

Box 3: Assessing the scope of the problem of non-reciprocal preference erosion

The Secretariat has developed several papers on the issue of preference erosion. Two Working Papers^a were published on preference erosion in agriculture and in NAMA in 2005 and 2006. A note^b was prepared for the NAMA negotiations in 2007, with a view to identifying products which are potentially vulnerable to preference erosion. The papers analyse the impact of reduction of preference margin due to a cut in MFN rates following the current round of negotiations.

Using a simulation on single tariff-cutting scenario in agriculture, Low et al. (2006) find that the risk of preference erosion in the QUAD markets is small. The most affected products are bananas, sugar, beverage and spirits; much of the impact occurs in the EU market. As a group, the LDCs would register some moderate gains. Nevertheless, a few countries would be negatively affected, according to their product and geographical specialization in the EU market. The most affected countries would be Angola (2.4 per cent of imports), Malawi (1.7 per cent) and Tanzania (1.1 per cent).

For NAMA, Low et al (2005) find that not all LDCs lose from preference erosion because their exports at present are largely entering these markets MFN duty free. The main sectors where preference erosion may occur are in textiles, fish and fish products, leather and leather products, electrical machinery, wood and wood products.

The note prepared for the NAMA negotiations led to the definition of four categories of "risks", from a NAMA perspective:

- (1) Members trading mostly in agricultural products: these Members appear evidently to be at a low risk of being affected by preference erosion in non-agricultural products.
- (2) Members trading mostly in MFN duty-free lines: many of them are exporters of oil and other raw materials, and are less or not likely to be affected by preference erosion.
- (3) Members trading mostly in lines which are not "vulnerable to preference erosion" (i.e. Members trading mostly in tariff lines that are bound at or below 5 per cent).
- (4) Members with a higher risk of being affected by preference erosion in NAMA. These Members are defined as the remnant countries, excluding categories 1 to 3.

A total of 12 LDCs (Bangladesh, Cambodia, Djibouti, Guinea-Bissau, Haiti, Madagascar, Maldives, Mozambique, Nepal, Senegal, Solomon Island, Tanzania) were identified as category 4, as far as the EU-25 market is concerned. Five LDCs (Haiti, Lesotho, Madagascar, Mozambique, Uganda) were identified as higher vulnerability (category 4) in the US market.

^aLow, Piermartini and Richter, 2005 and 2006;

^bJOB(07)/80

2. Preference Utilization on Selected Sectors of Interest to LDCs

54. As mentioned before, preferences affecting labour intensive products have a special importance from a economic perspective, as they have a more direct impact on employment and poverty. Two labour intensive sectors – textiles and clothing, and agriculture – are of particular interest to the LDCs.

55. As the range of products exported under preferences cover various degrees of transformation and value-addition and as those preferences are generally higher for un-processed goods, it is also interesting to analyse them from a comparative perspective. The following Section provides reviews of those sectors, including based on the results of sectoral studies done by the Secretariat and external research institutes.

(a) Textiles and Clothing

56. The utilization of preferences by the LDCs on exports to the Quad (Canada, EC, Japan and the US) markets, as well as other developed economies, can be reviewed in document WT/COMTD/LDC/W/37, entitled "Options for LDCs to improve their competitiveness in textiles and clothing business". According to this study, rates of utilization (based on 2004 figures) fluctuated widely among different preference schemes, ranging from 38 per cent to 98 per cent, reflecting both the difficulties of benefiting from the preferential schemes, as well as the supply-side constraints of the beneficiary countries. Rules of origin were found to be relatively flexible for the US's AGOA, Caribbean Basin Trade Partnership Act (CBTPA), and the EC's Cotonou Agreement. Utilization was generally higher for apparels compared to textile products, because the latter requires more fixed capital that limits LDCs' production capacity.

57. Even when the preference schemes are used to a satisfactory level on relative terms, the export flows from most LDCs to the EU and the US are small. Excluding Bangladesh and Cambodia, which are mainly competing on an MFN basis, the LDCs' market share for textiles and clothing in main developed country markets was about 0.6 per cent in 2006. As can be seen from Table 11, excluding Bangladesh and Cambodia, the LDC exports of textiles and clothing to the Quad are not significant (US\$2.5 billion in 2006, or 15 per cent of total imports from LDCs) and their sales have been decreasing slightly over the 2000 to 2006 period due to a reduction in the Canadian and US markets (-2.2 and -0.9 per cent, respectively).

Table 11: Imports of textiles and clothing into Quad markets 2000-2006

(Million dollars and percentage)

	TOTAL					CANADA ^a					EUROPEAN UNION (25)				
					Growth Rate					Growth Rate					Growth Rate
Origin of imports:	2000	2004	2005	2006	2000-2006	2000	2004	2005	2006	2000-2006	2000	2004	2005	2006	2000-2006
World	253556	325671	338765	359295	6.0	7822	9339	10296	11200	6.2	137963	192653	197507	211576	7.4
Least-developed countries	8473	12333	12422	15188	10.2	177	537	555	646	24.1	3648	6470	5986	7616	13.1
Bangladesh	5041	7490	7705	9794	11.7	111	370	393	468	27.1	2516	4843	4618	6050	15.7
Cambodia	1144	2296	2541	3125	18.2	11	105	107	130	50.9	263	647	593	694	17.6
Other LDCs	2288	2547	2176	2269	-0.1	55	62	55	48	-2.2	869	980	775	872	0.1
Non LDCs	245083	313338	326343	344107	5.8	7645	8802	9741	10554	5.5	134315	186183	191521	203960	7.2
China	39212	61653	79831	90122	14.9	1163	2331	3376	4100	23.4	10428	20004	27973	31743	20.4
Other countries	205871	251685	246512	253985	3.6	6482	6471	6365	6454	-0.1	123887	166179	163548	172217	5.6
	JAPAN					UNITED STATES									
					Growth Rate					Growth Rate					
Origin of imports:	2000	2004	2005	2006	2000-2006	2000	2004	2005	2006	2000-2006					
World	24648	27286	28353	30049	3.4	83123	96393	102609	106470	4.2					
Least-developed countries	68	100	109	138	12.5	4580	5226	5772	6788	6.8					
Bangladesh	31	33	36	37	3.0	2383	2244	2658	3239	5.2					
Cambodia	2	10	8	14	38.3	868	1534	1833	2287	17.5					
Other LDCs	35	57	65	87	16.4	1329	1448	1281	1262	-0.9					
Non LDCs	24580	27186	28244	29911	3.3	78543	91167	96837	99682	4.1					
China	16750	20323	21280	22916	5.4	10871	18995	27202	31363	19.3					
Other countries	7830	6863	6964	6995	-1.9	67672	72172	69635	68319	0.2					

^aimports are valued f.o.b.

Source: WTO

(b) Agriculture

58. Exports of agriculture and food products are of particular importance in order to sustain export-led growth pattern in LDCs, especially because of their direct impact on the rural areas. But, as was the case with the textiles and clothing sector, the agricultural sector is also protected in many developed economies.

59. The data presented in Table 12 refer to the utilization of preferences on agricultural and food products in the EU and the US. In 2002, the EU-15 was a bigger importer of LDC agricultural products, absorbing 29 per cent of total LDCs agricultural exports, as compared to the US, which imported only 5 per cent.

60. Due to the multiplicity of the preferential schemes, the rate of utilization of a specific regime may be small in several case (e.g., EC's Everything But Arms (EBA) or US's Andean Trade Preference Act (ATPA), because the eligible exporters or the custom services have the possibility of choosing other preferential schemes. The relevant figures are therefore given by the actual rate of utilization (second column of the table), irrespective of the various alternative preference schemes.

Table 12: Agriculture and food products: utilization rate of preferences in the EU and the United States, 2002

	Rate of utilization under each scheme ^a	Actual rate of utilization ^b
European Union		
Total	89	...
Cotonou (ACP)	93	95
GSP (regular)	50	86
GSP-Drug	94	95
EBA	17	96
United States		
Total	87	...
AGOA	85	85
ATPA	43	65
CBI	96	99
GSP (regular)	58	94
GSP-LDCs	21	87

^aImport eligible and entering under a particular scheme.

^bImports eligible to a particular regime but entering under any of the preferential regimes.

Source: Based on Bureau, Chakir and Gallezot (2006).

61. According to Bureau et al. (2006), overall rate of utilization for non-reciprocal preferences was high in both cases (89 per cent in the EU, 87 per cent in the US) in 2002. When exporters to the EU or the US had the choice, they favoured the Cotonou Agreement, in the case of EU, or the CBI in the case of the US. Considering that tariffs are not a variable in this case, the authors infer that administrative requirements, rules of origin or predictability of the respective regimes are potential determinants of the choice between regimes.¹⁷

62. As in the textiles and clothing sector, the example of the US AGOA scheme shows that the total value of imports of agricultural and food products from LDCs can be very small despite a high rate of utilization. Privileged market access is often not sufficient to create or increase trade flows. According to the survey, the disappointing level of LDC exports may also depend on factors other

¹⁷ In particular, there are significant differences between agreements regarding the geographical cumulation of origin rules.

than tariffs. Sanitary requirements in the importing countries, supply-side constraints and administrative inefficiencies in the exporting LDCs are often cited as some of the main obstacles.¹⁸

63. It is evident from the above that utilization of preference schemes vary from one scheme to another. The conditions attached to preference schemes, non-tariff measures such as rules of origin or standards, administrative requirements and weak supply capacity all factor into the actual rate of utilization of preference schemes. Moreover, it should be noted that a high rate of utilization does not always reflect a high level of imports from LDCs, in terms of value.

IV. RECENT INITIATIVES TO IMPROVE MARKET ACCESS

64. Annex Table 2 provides a non-exhaustive list of initiatives which have been taken by developed and developing countries since 2000 to improve market access for products originating from LDCs.¹⁹ This section focuses on initiatives taken since the circulation of the previous note by the Secretariat issued in early 2006, and is based on notifications by Members and other information made available to the Secretariat. During the period under review, the issue of DFQF market access for LDCs has gained momentum multilaterally, due to a decision reached by Trade Ministers at the WTO Sixth Ministerial Conference in December 2005. At the same time, several initiatives have been taken by developed and developing countries to improve market access for their LDC partners within regional trade agreements, or on a bilateral basis.

A. IMPLEMENTATION OF THE HONG KONG DECISION ON DFQF MARKET ACCESS TO LDCS

65. The decision on DFQF market access reached at the Sixth Ministerial Conference in Hong Kong, China was a response by the WTO membership to one of the long standing demands by the LDCs in the multilateral trading system. The Decision, contained in Annex F of the Ministerial Declaration (WT/MIN(05)/DEC), states that "developed-country Members shall, and developing-country Members declaring themselves in a position to do so should: (a)(i) Provide DFQF 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 in a manner that ensures stability, security and predictability". It further states that "(a)(ii) 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 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period" (see Box 4).

¹⁸ Bureau et al. (2006) identify specific issues, for example, the fact that many LDCs have not been declared free from a series of animal diseases and are not allowed to export meat and dairy products. Meeting quality and traceability requirements imposed by the EU and US importers also appear in the list of obstacles for LDC exporters.

¹⁹ Initiatives taken prior to 2000 are listed in the previous note by the Secretariat contained in WT/COMTD/LDC/W/38.

Box 4: Hong Kong Ministerial Declaration: Decision on Measures in Favour of LDCs

We agree that developed-country Members shall, and developing-country Members declaring themselves in a position to do so should:

- (a) (i) 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 in a manner that ensures stability, security and predictability.
- (ii) 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 per cent of products originating from LDCs, defined at the tariff line level, by 2008 or no later than the start of the implementation period. In addition, these Members shall take steps to progressively achieve compliance with the obligations set out above, taking into account the impact on other developing countries at similar levels of development, and, as appropriate, by incrementally building on the initial list of covered products.
- (iii) Developing-country Members shall be permitted to phase in their commitments and shall enjoy appropriate flexibility in coverage.
- (b) Ensure that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access.

Members shall notify the implementation of the schemes adopted under this decision every year to the Committee on Trade and Development. The Committee on Trade and Development shall 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.

We urge all donors and relevant international institutions to increase financial and technical support aimed at the diversification of LDC economies, while providing additional financial and technical assistance through appropriate delivery mechanisms to meet their implementation obligations, including fulfilling SPS and TBT requirements, and to assist them in managing their adjustment processes, including those necessary to face the results of MFN multilateral trade liberalization".

Source: WT/MIN(05)/DEC

66. Since the Ministerial Conference in Hong Kong, several WTO Members have provided information regarding their implementation of, or steps taken to implement the Hong Kong Decision. It should be noted that Table 9(a) shows that, several developed countries, including Australia, Canada, the European Communities, New Zealand and Norway, had already met the conditions set out in paragraphs (a)(i) or (a)(ii) of the Decision, prior to the Ministerial Conference.²⁰ In 2006, Japan and the United States provided information on the procedural steps that they would take to implement the Hong Kong Decision.²¹ Furthermore, Japan, in April 2007 notified amendments to its GSP which resulted in the expansion of product coverage, in compliance with the conditions set out in the Decision.²² Switzerland also provided information, announcing that it had amended its existing GSP, as of April 2007, which would provide DFQF market access for all products originating from all LDCs by 2009.²³ Furthermore, several developing countries, such as Brazil, China, India and the

²⁰ The latest notifications are contained in WT/COMTD/N/18 for Australia; WT/COMTD/N/15/Add.1 and Add.2 for Canada; WT/COMTD/N/4/Add.2 for the EC; WT/COMTD/27 for New Zealand. No formal notification was received from Norway. Furthermore, in May 2007, Canada provided information on its implementation of the DFQF Decision, contained in WT/COMTD/W/159, providing an overview of its market access initiative for LDCs.

²¹ The communications are contained in, WT/COMTD/W/150 for Japan and WT/COMTD/W/149 and its addenda 1 to 4 for the United States.

²² The notification is contained in WT/COMTD/N/2/Add.14.

²³ From the Notes of the 28th Session of the Special Session of the Committee on Trade and Development held on 26 April 2007, contained in document TN/CTD/M/28. According to the statement made by Switzerland, the ordinance provided DFQF market access for all products originating from all LDCs. There was, however, a phasing in until September 2009 for broken rice, animal feed, cane and beet sugar and chemically pure sucrose in solid form, with progressive tariff cuts.

Republic of Korea have indicated their intention to improve market access for LDCs, although no formal notifications have been made.²⁴

67. Apart from the initiatives taken to implement the Hong Kong Ministerial Decision by developed and developing countries as described above, the LDCs as a group submitted two proposals to operationalize the Decision; one on the implementation of DFQF market access and the other on rules of origin.²⁵ In their first proposal, LDCs called on Members to implement the Decision on DFQF market access in a way which is "commercially meaningful and will contribute to the expansion of LDC exports". In particular, in order to meet the minimum 97 per cent benchmark, LDCs requested developed countries to provide DFQF market access, first in all tariff lines in which positive duties are still applied to LDC existing exports, with a view to progressively achieving the 100 per cent coverage. Similarly, they requested developing countries in a position to do so to make their intention to provide DFQF market access known by the end of 2006 or in the shortest possible time, and provide, as a first step, DFQF market access to products of export interest to the LDCs.²⁶ Finally, the LDCs proposed the establishment of a monitoring and review mechanism of the implementation by requiring those countries which provided preferential market access to submit preferential data to the WTO Secretariat, which is currently done on a voluntary basis.

68. The LDC proposal on rules of origin was submitted in pursuance to the call made by Ministers in Hong Kong, who stressed the need to ensure that "preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access". In the view of LDCs, the rules of origin should be simple and transparent, based on value addition or local content method, so as to reduce trade diversion and trade deflection to a minimum. In parallel to the two proposals which have been pursued primarily in the Special Session of the Committee on Trade and Development, the LDC Group has been active so as to ensure that the key elements of the Hong Kong Decision are duly reflected in the modalities of the negotiations in agriculture and NAMA.²⁷

B. OTHER INITIATIVES

69. In addition to the initiatives taken in pursuit of the Hong Kong Decision on DFQF at the multilateral level, several developed and developing countries have taken steps to improve market access in favour of LDCs in regional or bilateral trade contexts. In 2007, the US notified that it had extended its existing GSP until December 2008, containing special provisions for least-developed beneficiaries.²⁸ In the case of the EC, changes in market access conditions for LDCs have been a result of the expansion of the Customs Union. On 1 January 2007, the EC added Bulgaria and Romania to its 25 member States, thereby effectively expanding the market destination for LDC exports which enjoy DFQF market access under the EBA initiative. In addition to the expansion of the market destination for LDC products, the EC expansion brought together the rules and regulations

²⁴ See the notes of different meetings, for instance: documents TN/CTD/M/26 for Brazil; TN/CTD/M/28 for Brazil, China and India; WT/COMTD/M/63 for India; WT/COMTD/M/59 for the Republic of Korea.

²⁵ The proposals were submitted to the Special Session of the Committee on Trade and Development as documents TN/CTD/W/31 and TN/CTD/W/30, respectively; also to the Special Session of the Committee on Agriculture as documents TN/AG/GEN/23 and TN/AG/GEN/20 and to the Negotiating Group on Non-Agricultural Market Access as documents TN/MA/W/78 and TN/MA/W/74.

²⁶ More specifically, developed and developing countries were requested to provide (i) a provisional list of products that would be initially excluded from DFQF market access, (ii) the steps which would be taken to progressively achieve compliance with the obligation to cover the 100 per cent coverage; and (iii) the time-frame by which these steps would be completed.

²⁷ The first draft modalities, contained in documents TN/AG/W/3 for agriculture and TN/MA/W/80 for NAMA, were circulated to Members in June 2006, and the second drafts, issued in July 2007 as contained in TN/AG/W/4 and JOB(07)/126, respectively, are currently being discussed by WTO Members.

²⁸ The notification is contained in document WT/COMTD/N/1/Add.4.

governing various preference schemes into a single set of rules, such as for origin and other administrative requirements. Also related to the EC is the entry into force of the Customs Union with Turkey on 31 December 2005, which resulted in Turkey's alignment to the EC's GSP, thereby granting duty-free and quota-free access to all industrial products from the LDCs.²⁹

70. Market access initiatives in favour of LDCs taken by developing countries can generally be divided into two categories: (i) providing special concessions to LDC partners within regional trade arrangements among developing countries; and (ii) unilateral concessions provided to LDCs. With regard to the first category, for instance, China, on behalf of other Members, notified certain amendments to the Bangkok Agreement, renamed as the Asia Pacific Trade Agreement (APTA), which as of September 2006, incorporated the results of the Third Round of traffic concessions, covering 4,270 products with an average margin of preference of 26.8 per cent.³⁰ Additional 587 products are granted by the developing members – China, India, Republic of Korea and Sri Lanka – exclusively to their LDC partners (Bangladesh and Lao PDR), resulting in overall 58.8 per cent of preference margin for the latter. Within the context of the South Asian Free Trade Agreement (SAFTA), whose results of the latest round of negotiations came into effect in January 2006, India, Pakistan and Sri Lanka grant their LDC partners – Bangladesh, Bhutan, Maldives and Nepal – concessions additional to those applicable among the developing partners. Furthermore, in the Framework Agreement on Comprehensive Economic Cooperation with ASEAN, China improved market access for its LDC partners – Cambodia, Lao PDR and Myanmar – by increasing the numbers of duty-free lines from 335, 239 and 133, respectively to 424, 314 and 227, as of 1 January 2006.

71. As for bilateral initiatives taken in favour of LDCs by developing countries, China provided information that duty-free market access has been granted for most of the exports from Samoa and Vanuatu, within the China-Pacific Island Countries Economic Development and Cooperation Forum which had its first ministerial meeting in April 2006. With regard to its 28 African least-developed partners, China also improved their market access by increasing duty-free treatment to more than 190 categories of products, as of 1 January 2005.³¹ Furthermore, China grants duty-free market access to 278 categories of products exported from five LDCs, namely Afghanistan, Maldives, Samoa, Vanuatu and Yemen as of July 2006.

V. CONCLUSION

72. Over the 2000 to 2006 period, exports of goods from LDCs increased by an annual average of 20 per cent, compared to an annual increase of 11 per cent for commercial services. As a consequence, the negative trade balance in merchandise trade has witnessed a rapid reduction since 2003; preliminary estimates indicate that the trade balance in goods was even slightly positive in 2006. The LDCs accounted for 0.9 per cent of world merchandise exports in 2006, which was a marginal increase from 0.6 per cent in 2004. The share of LDCs in world trade in commercial services has also witnessed an increase. In 2005, LDCs accounted for 1 per cent of world exports of commercial services, up from 0.4 per cent in 2003.

²⁹ The Custom Union Agreement between the EC and Turkey does not cover essential economic areas, such as agriculture, to which bilateral trade concessions apply, services or public procurement.

³⁰ The notification on APTA, contained in document WT/COMTD/N/22, is made pursuant to Paragraph 4(a) of the 1979 Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries ("Enabling Clause").

³¹ Angola, Benin, Burundi, Cape Verde, Central African Republic, Comoros, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda and Zambia.

73. The overall trends in LDC exports continue to exhibit the same patterns since the last note prepared by the Secretariat in 2006. Aggregate export performance of LDCs has continued its positive trend since 2000, registering a growth rate of more than 30 per cent in both 2004 and 2005. This robust export performance, however, is attributed to a few products. Mineral fuels and oil continue to remain the most important export items for LDCs, especially due to their high international prices since 2003. They represented more than 50 per cent of total LDC exports in 2005, up from 36 per cent in 2003. As a consequence, five LDC oil exporters consolidated their position in LDC exports. While in 2004 these five LDCs accounted for 47 per cent of total LDC exports, they accounted for more than 55 per cent of total LDC exports in 2005. The share of clothing - the second most important item in the LDC export profile - in the total of LDC exports experienced a decline in 2005 compared to 2003. Over the 2000 to 2006 period, the LDC exporters of manufacturers registered moderate growth rates, while exporters of commodities experienced a heterogeneous growth pattern due to wider variance in international prices between mineral and agricultural commodities.

74. Since the last review, there has not been any change in the major markets for LDC exports. The EC and the US remain the dominant destination of LDC exports while China continues its position as the third most important market for LDCs. Other developing countries are also gaining importance as a market destination for LDC exports: 38 per cent of LDC exports in 2005 was destined to developing countries. However, most of LDC exports to developing countries remained concentrated on commodities and low-value added products. In fact, in 2005 LDCs' fuel exports to developing countries were slightly higher than to developed countries. The products exported to developed countries are concentrated in articles of apparel and in food products.

75. Market access conditions for LDC exports demonstrate the trends reported in the last study. Preference schemes primarily determine market access conditions in developed country markets. While a number of developing countries have taken initiatives to improve market access for their LDC partners within regional trade agreements, or on a bilateral basis, some developing countries have chosen to offer duty-free access on an MFN basis. The note makes the point that a number of developed as well as developing countries do not levy duty on mineral and petroleum products under the MFN regime thereby offering no additional preferences to the LDCs under those lines.

76. The DDA negotiations present a unique opportunity to address the needs of LDCs. The issue of DFQF market access for LDCs has gained momentum multilaterally due to a Decision reached by Trade Ministers at the Sixth WTO Ministerial Conference in December 2005. Developed countries which are yet to comply with the Decision have taken steps to implement it. The LDCs have also put forward proposals to operationalize the Decision. It is expected that full and effective implementation of this Decision would contribute to the expansion and diversification of LDC merchandise exports and thereby enhance the participation of LDCs in world trade.

77. However, the opportunities arising from the DFQF market access, which in most cases is granted through non-reciprocal preference schemes, can bear fruit only up to the extent to which it is actually utilized. It has been found that the utilization of non-reciprocal preference schemes vary from one scheme to another due to a variety of reasons including the design of such programmes and existence of non-tariff measures. In addition, structural constraints often limit the capacity of LDCs to benefit from the preferences, which call for a coordinated effort aimed at providing aid for trade, including through initiatives such as the EIF, in order to boost exports from the LDCs.

ANNEX

A. BIBLIOGRAPHY

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B. DATA SOURCES AND METHODOLOGY

1. To prepare the present note, the Secretariat gathered all the information available from recognized national and international sources, as well as the specialized information published in selected case studies. Sources are systematically documented and the statistical metadata explained in the document. But in some cases, in order to address the issue of lack of data on LDC trade and market access, a number of assumptions have been made. Also, the Secretariat had to do some data imputations to provide Members with updated estimates. For example, the lack of recent export data for some LDCs led to their estimation using import data, when goods were concerned. Services were only available at aggregated balance-of-payments (BOP) level for most LDCs, and the indicators build for specific sectors should be considered as indicative.

2. On the tariff side, the key issue is that a number of major markets do not supply their preferential data to the WTO, hence the degree of market access is estimated using data from other sources. The information of preferences granted by importing countries is not always complete nor comparable. Furthermore, lack of *ad valorem* equivalents for many countries that make use of non *ad valorem* lines has made cross-market comparisons of market access difficult.

3. The Secretariat has been actively involved in closing these data gaps. In particular, the coverage and quality of the statistical information used in this report has greatly benefited from the results of an active inter-agency cooperation with ITC and UNCTAD, *inter alia*, in the monitoring of the Millennium Development Goals referring to market access conditions for developing countries, and the recent publication of the World Tariff Profile. The results of these joint efforts are reflected in this document.

4. On merchandise trade data, the Secretariat's methodology is to first estimate trade at total level from various sources such as the IMF's *International Financial Statistics*, the United Nations Statistics Division's (UNSD) Comtrade database, national statistical offices, central and regional banks. IMF figures for some LDCs in Africa are sourced from regional banks such as the Banque des Etats d'Afrique Centrale (BEAC) and Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) which are compiled using the balance-of-payments concepts. These figures are considered to be more complete as they include estimates for unrecorded trade. However, to be able to publish trade developments for the LDC at an aggregate level, the Secretariat had to supplement these figures with own estimates. For producing an analytically useful data set, the WTO and UNCTAD, in the context of an inter-agency project to develop a Common Dataset (CDS) on total merchandise trade values by country, have been further cooperating to reconcile their trade data on LDCs by exchanging data sources and information.

5. The LDC trade in goods is then further broken down by product, origin and destination. In this regard, the Secretariat's primary source is the UNSD Comtrade database. This central repository currently contains merchandise trade data for most LDCs, however, it is difficult to construct consistent time-series over time. Out of 50 LDCs, only 31 countries reported data until 2005 and only 17 countries provided time-series data with at least five consecutive years, making it difficult to construct a full data set – see Annex Table 1.

6. To complement these data, the present study uses "mirror" data, i.e. partner countries' trade statistics or inverted trade flows. This methodology involves estimating the total exports of a country by summing the imports from that country in all markets for which data is available. While valuable in yielding an estimated value, this approach should be considered as a second-best approach. It is particularly ineffective when trade is conducted predominantly between non-reporting countries. Thus, intra-trade between LDCs, as well as trade of LDCs with other non-reporting developing countries cannot be adequately reflected. Also, due to the time-lag in reporting by some developing economies, the coverage of LDC trade flows by inverted trade tends to decrease for the most recent years (e.g. 90 per cent in 2001 versus 79 per cent in 2003).

7. The note made a special effort to include trade in services. Statistics on trade in services in LDCs are particularly scarce and difficult to compile. In addition, there is an increasingly blurred frontier between trade in goods and trade in services in the new international business models. A large share of multinational intra-firm trade includes goods for processing. In many developing countries, including LDCs, this processing is being undertaken under special custom arrangements, sometimes in dedicated export-processing zones. It is particularly the case for apparels, a strategic sector of LDCs exporters of manufactures. Several countries report this trade under the special system on a net basis, as export of services.³²

8. Trade in commercial services is derived from the countries' balance of payments which records international transactions between residents and non-residents. The main source is the IMF's balance-of-payments statistics. For services, these transactions are classified by ten main components covering commercial services, plus government services which are not included elsewhere. The latter component is excluded in compiling a country's total trade in commercial services.³³ Flows measured through this statistical framework relate to modes 1, 2 and 4 of GATS and should ideally be broken down by country of origin and destination. However, these detailed data are only sparsely available for LDCs, as well as for many other developing countries. For tourism exports, the main source of data is the UN World Tourism Organization (UNWTO).

9. The information relevant to market access is based mainly on a mapping of the duties faced by exports from LDCs in their major markets. MFN tariffs are available from the WTO Integrated Data Base (IDB). However, data on applied MFN tariffs need to be complemented by estimates for *ad valorem* equivalents of non *ad valorem* duties. In addition, information on preferential duties that are not subject to WTO notification requirement is not systematically covered by IDB.

10. To give a complete and comprehensive picture of market access conditions for LDCs, it was necessary to update and systematize this information from national data providers. This has been made possible as a joint effort of WTO, UNCTAD and ITC Secretariats, which set up in 2005 a joint Common Analytical Market Access Data Base (CAMAD).³⁴

11. Preferences and their utilization stand out as particularly difficult areas, from a statistical perspective. While preferential duty rate is theoretically public information, their notification is not systematic, which means that retrieving this information is sometimes difficult and partial. This leads to imperfect statistical coverage in certain cases, especially when several different preferential schemes coexist as is the case, for example, for the EU.

12. The utilization of preferences is another complex issue. In many cases, the data concerning the regime used is not collected or not made publicly available. When official public information is not available or its interpretation requires implementing complex statistical analysis, a number of case studies from the WTO Secretariat or recognized research institutes have been used to provide estimates on related topics.

³² The special trade system does not take into account merchandise that go through customs processing zones and records only imports of goods that go to domestic circulation. Exports exclude those goods that go through these processing zones. The recommendations for the next balance-of-payments manual provides for recording of trade in goods on the basis of a change of ownership; while other type of intra-firm trade be registered on a net value-added basis, as services.

³³ The term "services" refers to commercial services in this document.

³⁴ See World Tariff Profile 2006 for a synthesis of market access conditions for 150 countries and custom territories.

Annex Table 1: Availability of LDC tariff and trade data

Country	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Afghanistan ^a										
Angola								T	T	
Bangladesh		T	M*T	M*T*	M*T*	M*T*X	M*T*X	M*TX	T	
Benin		X	X	X	X	X	TX	X	X	
Bhutan ^a			X							
Burkina Faso					X	X	TX	X		
Burundi						T	TX	X	X	
Cambodia ^b				X	X	X	X	X		
Cape Verde ^a	X	X	X	X	X	X	X	X	X	X
Central African Republic ^b	X	X	X	X	X	X	X		X	
Chad ^b										
Comoros ^a										
Democratic Republic of the Congo ^b										
Djibouti		T	T						T	
Equatorial Guinea ^a										
Eritrea ^a							X			
Ethiopia ^a					X	X	X			
Gambia	X	X	X	X	X	X	TX	X	X	
Guinea		TX	X	X	MX	X		T	T	
Guinea-Bissau ^b										
Haiti ^b	X									
Kiribati ^a									X	
Lao People's Democratic Republic ^a										
Lesotho ^b										
Liberia ^a										
Madagascar	MTX	MTX	X	M*TX	X	TX	TX	TX	TX	X
Malawi			X	TX	X	MX	TX	X	X	X
Maldives	MX	MX	MX	MX	MX	MTX	M*T*X	M*T*X	M*T*X	M*T*X
Mali	M*T	M*TX	TX	X	X	X	X	X		
Mauritania			M*	X	MTX	X	X			
Mozambique ^b			X	X	X	X	X	X	X	X
Myanmar	T	T	T	T	MT	M*T	M*T*			
Nepal		X	X	X		T	TX			
Niger		X	X	X	X	TX	X	X	X	
Rwanda			M	T	MX	MTX	MTX	M*		
Samoa ^a					X	X	X	X		
Sao Tome and Principe ^a			X	X	X	X	X			
Senegal				M	M	M*T				
Sierra Leone								T		
Solomon Islands		T								
Somalia ^a										
Sudan ^a			X	X	X	X	X	X	X	
Tanzania	X	X	X	MX	MX	MX	MTX	X	TX	X
Timor Leste ^a										
Togo	MT	M*T*X	MTX	MTX	MTX	MTX	X	TX	X	
Tuvalu ^a										
Uganda	X	X	X	X	TX	X	X	X	TX	X
Vanuatu ^a										
Yemen ^a								X	X	X
Zambia	M*T*X	X	X	MX	MTX	MT*X	MT*X	MT*X	M*TX	T*X

Notes: The following symbols are used in the table: ^a not a WTO Member; ^b no submission received.

IDB related symbols:

- M import data received and disseminated;
- M* import data received but not yet disseminated;
- T tariff data received and disseminated;
- T* tariff data received but not yet disseminated;

COMTRADE related symbol:

- X trade data available by product, origin and destination in HS96.

Source: UNSD Comtrade database, August 2007 and WTO IDB, August 2007.

C. Annex Table 2: Measures in favour of exports originating from LDCs since 2000³⁵

Preference granting country	Description	Beneficiary(ies)	Coverage/margin of preference	Reference (latest notification in bold)
Australia	Duty- and quota-free entry Entry into force: 1 July 2003	LDCs	All products	WT/COMTD/N/18 (21 January 2004)
Belarus	Harmonized system of preference by the Eurasian Economic Community (EAEC) Entry into force: May 2001	47 LDCs	Duty free for all products	WT/TPR/S/170
Canada	GSP – Least-developed Countries' Tariff Programme Entry into force: January 2003, extended until 30 June 2014	LDCs	Duty-free access for all products with exception of over-quota access for supply-managed products in the dairy, poultry and eggs sectors	WT/COMTD/N/15/Add.1 (13 February 2003) and Add.2 (11 May 2004) WT/COMTD/W/159 (25 May 2007)
China	Asia-Pacific Trade Agreement (APTA) ³⁶ – amendment to the Bangkok Agreement Entry into force: 1 September 2006	Bangladesh Lao PDR	In addition to 1,697 products (with average margin of preference of 26.7%) available to all APTA members, tariff concessions granted exclusively to LDC members on 161 products with average margin of preference of 77.9%	WT/COMTD/N/22 (26 July 2007)
	Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China Entry into force: 1 January 2006	Cambodia	Duty-free treatment on 424 tariff lines	Information received from the Government of China
		Lao PDR	Duty-free treatment on 314 tariff lines	Information received from the Government of China
		Myanmar	Duty-free treatment on 227 tariff lines	Information received from the Government of China
	Special preferential tariff agreement, announced by President Hu Jintao at the Meeting on Finance for Development of the UN Summit, 14 September 2005	39 LDCs ³⁷	unilateral special preferential tariffs (zero rated) are offered to 182 tariff lines.	WT/TPR/S/161/Rev.1

³⁵ This table updates the information contained in the previous report by the Secretariat, as contained in document WT/COMTD/LDC/W/38. For those measures taken in favour of exports originating from LDCs prior to 2001, please see document WT/COMTD/LDC/W/38.

³⁶ Members of the APTA are: Bangladesh, China, India, Lao PDR, Republic of Korea and Sri Lanka.

³⁷ Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burundi, Cape Verde, Central African Republic, Cambodia, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Guinea, Guinea Bissau, Lao PDR, Lesotho, Liberia, Madagascar, Maldives, Mali, Mauritania, Myanmar, Nepal, Mozambique, Niger, Rwanda, Samoa, Sierra Leone, Somalia, Sudan, Timor Leste, Tanzania, Togo, Uganda, Vanuatu, Yemen and Zambia.

Preference granting country	Description	Beneficiary(ies)	Coverage/margin of preference	Reference (latest notification in bold)
European Communities	GSP - Everything But Arms (EBA) initiative Entry into force: 5 March, 2001	LDCs	All products except arms and ammunition, with rice and sugar subject to phase-in periods until 1 September and 1 July 2009, respectively	WT/COMTD/N/4/Add.2 (5 October 2001) WT/TPR/S/177/Rev.1
	Cotonou Agreement Entry into force: 1 April 2003	79 African, Caribbean and Pacific (ACP) countries, 40 of which are LDCs	Duty-free treatment on industrial, certain agricultural, and fishery products, subject to a safeguard clause Certain products (bananas, beef and veal, and sugar) governed by commodity protocols	WT/TPR/S/177/Rev.1
Iceland	GSP – Tariff Preferences in Regard to the Importation of Products Originating in the World's Poorest Developing Countries Entry into force: 29 January 2002	LDCs	Essentially all products with some exceptions in agricultural products (HS chapters: 04, 15, 18, 19, 21 and 22) and non-agricultural products (HS sub-headings: 3502 and 3823, and all of HS 16 with the exception of sub-headings 1603 to 1605)	WT/COMTD/N/17 (10 October 2003) and Corr.1 (20 January 2004) WT/TPR/S/164
India	Asia-Pacific Trade Agreement (APTA) – amendment to the Bangkok Agreement Entry into force: 1 September 2006	Bangladesh Lao PDR	In addition to 570 products (with average margin of preference of 23.9%) available to all APTA members, tariff concessions granted exclusively to LDC members on 48 products with average margin of preference of 39.7%	WT/COMTD/N/22 (26 July 2007)
	South Asian Free Trade Agreement (SAFTA) ³⁸ Entry into force: 1 January 2006	Bangladesh Bhutan Maldives Nepal	In addition to tariff concessions on 2,940 line at the HS 6-digit level to all SAFTA members, special concessions exclusively granted to LDC members. In 2006/2007, preferential rates were granted on 84.4% of all tariff lines at average rate of 10.6% (while 15% for non-LDC members)	WT/COMTD/10 (25 April 1997) WT/TPR/S/182.Rev.1
	Bilateral agreement Entry into force: 13 May 2003	Afghanistan	Tariff reductions on 38 HS 6-digit lines, with margins of preferences of 50% or 100% of MFN tariff	WT/TPR/S/182.Rev.1
	Free Trade Agreement Entry into force: extended on 29 July 2006 for 10 years	Bhutan	All products	WT/TPR/S/182.Rev.1
	Bilateral agreement	Nepal	Tariff exemptions for all goods subject to rules of origin. Imports of certain goods (vanaspati, copper products, acrylic yarn and zinc oxide) are subject to annual quota.	WT/TPR/S/182.Rev.1

³⁸ Members of SAFTA which superseded the South Asian Preferential Trade Agreement (SAPTA) in 2006 are: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Preference granting country	Description	Beneficiary(ies)	Coverage/margin of preference	Reference (latest notification in bold)
Japan	GSP – Enhanced duty- and quota-free market access Entry into force: 1 April 2007	LDCs	Duty-free on 8,859 tariff lines (or 98% of the tariff line level), covering over 99% in terms of the import value from LDCs.	WT/COMTD/N/2/Add.14 (12 April 2007)
Kazakhstan	Harmonized system of preference by the Eurasian Economic Community (EAEC) Entry into force:	47 LDCs	Duty free for all products	WT/TPR/S/170
Korea, Rep. of	Presidential Decree on Preferential Tarriff for LDCs Entry into force: 1 January 2000	LDCs	Duty-free access is granted on 87 tariff items (HS 6-digit).	WT/COMTD/N/12/Rev.1 (28 April 2000) WT/TPR/S/137
	Asia-Pacific Trade Agreement (APTA) – amendment to the Bangkok Agreement Entry into force: 1 September 2006	Bangladesh Lao PDR	In addition to 1,367 products (with average margin of preference of 35.4%) available to all APTA members, tariff concessions granted exclusively to LDC members on 306 products with average margin of preference of 64.6%	WT/COMTD/N/22 (26 July 2007)
Kyrgyz Republic	Harmonized system of preference by the Eurasian Economic Community (EAEC) Entry into force: May 2001	47 LDCs	Duty free for all products	WT/TPR/S/170
Moldova	GSP	LDCs	Duty-free for all products	WT/ACC/MOL/37
Morocco	Preferential tariff treatment for LDCs Entry into force: 1 January 2001	33 African LDCs	Duty-free access on 61 products (at the HS 4 to 10-digit level)	WT/LDC/SWG/IF/18 and G/C/6 (9 May 2001)
New Zealand	GSP- Tariff Treatment for LDCs Entry into force: 1 July 2001	LDCs	All products	WT/COMTD/27 (20 November 2000) WT/TPR/S/115
Norway	GSP – Duty- and quota-free market access Entry into force: 1 July 2002	LDCs	All products	WT/TPR/S/138
Pakistan	South Asian Free Trade Area (SAFTA) Entry into force: 1 January 2006	Bangladesh Bhutan Maldives Nepal	Special concessions available for least-developed contracting states	SAARC Secretariat website (www.saarc-sec.org)

Preference granting country	Description	Beneficiary(ies)	Coverage/margin of preference	Reference (latest notification in bold)
Sri Lanka	South Asian Free Trade Area (SAFTA) Entry into force: 1 January 2006	Bangladesh Bhutan Maldives Nepal	Special concessions available for least-developed contracting states	SAARC Secretariat website (www.saarc-sec.org)
	Asia-Pacific Trade Agreement (APTA) – amendment to the Bangkok Agreement Entry into force: 1 September 2006	Bangladesh Lao PDR	In addition to 427 products (with average margin of preference of 14%) available to all APTA members, tariff concessions granted exclusively to LDC members on 72 products with average margin of preference of 12%	WT/COMTD/N/22 (26 July 2007)
Switzerland	GSP – Revised Preferential Tariffs Ordinance Entry into force: 1 April 2007	LDCs	Duty free for all products, with broken rice, animal feed, cane and beet sugar and chemically pure sucrose in solid form which are subject to phase in period until September 2009	TN/CTD/M/28
Tajikistan	Harmonized system of preference by the Eurasian Economic Community (ECEA) Entry into force: May 2001	47 LDCs	Duty free for all products	WT/TPR/S/170
Turkey	GSP Entry into force: 31 December 2005	All LDCs	Duty free and quota-free access to all industrial products, in-line with EBA	Upcoming TPR
Russia	Harmonized system of preference by the Eurasian Economic Community (ECEA) Entry into force:	47 LDCs	Duty free for all products	WT/TPR/S/170
United States	GSP for least-developed beneficiary developing countries Entry into force: extended until 31 December 2008	43 designated LDCs in 2007 ³⁹	In addition to the standard GSP coverage of 4,650 products, 1,450 articles exclusively available for LDC beneficiaries for duty-free treatment	WT/COMTD/N/1/Add.4 (1 March 2007) WT/TPR/S/160
	GSP - African Growth and Opportunities Act (AGOA) Entry into force: extended in 2004 until 2015 ⁴⁰	38 designated Sub-Saharan African Countries (including 26 LDCs ⁴¹) in 2007	In addition to the standard GSP coverage of 4,650 products, 1,835 tariff items, including textiles and apparel ⁴² , available for duty-free treatment	WT/COMTD/N/1/Add.3 (1 March 2001) WT/TPR/S/160

³⁹ Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Timor Leste, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Samoa, Sao Tomé and Príncipe, Sierra Leone, Somalia, Tanzania, Togo, Tuvalu, Uganda, Vanuatu, Yemen and Zambia.

Preference granting country	Description	Beneficiary(ies)	Coverage/margin of preference	Reference (latest notification in bold)
	US Caribbean Basin Trade Partnership Act (CBTPA) Entry into force: 1 October 2000	24 designated beneficiaries (including one LDC, i.e. Haiti) in Central America and the Caribbean	Duty free for most products, including textiles and apparels.	WT/TPR/S/160
Uzbekistan	Harmonized system of preference by the Eurasian Economic Community (ECEA) Entry into force:	47 LDCs	Duty free for all products	WT/TPR/S/170

⁴⁰ The Africa Investment Incentive Act of 2006 or AGOA IV has extended the third-country fabric provision from September 2007 until September 2012; adds an abundant supply provision; designates certain denim articles as being in abundant supply; and allows lesser developed beneficiary Sub-Saharan African countries export certain textile articles under AGOA. See more information on the official AGOA website at www.agoa.gov.

⁴¹ Angola, Benin, Burkina Faso, Cape Verde, Chad, Democratic Republic of Congo, Djibouti, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Tanzania, Uganda and Zambia.

⁴² Twenty-six Sub-Saharan countries, including 17 LDCs (Benin, Burkina Faso, Cape Verde, Chad, Ethiopia, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Sierra Lesotho, Tanzania, Uganda, Zambia), are eligible for AGOA apparel benefits in 2007.

D. LDC Tariff Profiles

Annex Table 3(a): Tariff profiles of LDCs (agricultural products), 2006

Country/Territory	Year of MFN applied tariff	Simple average		Duty-free		Non ad valorem duties		Duties > 15 %		Duties > 3 * AVG		Concessions not yet implemented in 2006	Maximum duty		Number of distinct duty rates		Coefficient of variation		Number of MFN applied tariff lines
		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	
		Share of HS 6 digit subheadings in per cent						Share of HS 6 digit subhdgs in per cent											
Afghanistan	2006		5.5		1.2				5.6		8.0			20		46		75	708
Angola	2006	52.8	9.6	0	0	0	0	94.7	7.4	0	5.0	0	55	30	3	6	18	73	726
Bangladesh	2006	188.5	17.3	0	11.5	0	0.6	98.0	55.2	0	0	0	200	25	9	8	24	50	1,005
Benin	2006	61.8	14.3	0	0	0	0	98.2	56.5	0	0	0	100	20	7	3	20	47	810
Bhutan	2005		41.3		0		0		96.6		0			100		5		41	715
Burkina Faso	2006	98.1	14.3	0	0	0	0	98.3	56.5	0	0	0	100	20	6	3	13	47	810
Burundi	2006	95.1	10.5	3.1	0	0	0.1	96.0	20.7	0	0	0	100	30	5	6	23	95	781
Cambodia	2006	28.1	18.1	0	5.1	0	0	72.1	35.1	0	0	0.6	60	35	13	4	43	72	1,216
Cape Verde	2005		11.7		32.2		0		35.7		5.2			50		8		113	776
Central African Republic	2005	30.0	22.1	0	0.7	0	0	100.0	67.9	0	0	0	30	30	1	5	0	43	871
Chad	2005	80.0	22.1	0	0.7	0	0	100.0	67.9	0	0	0	80	30	1	5	0	43	871
Comoros	2006		26.2		0.1		0.2		74.7		0.2			150		10		38	730
Democratic Republic of the Congo	2006	98.2	12.8	0	0	0	0.3	99.7	37.6	0	0	0	100	20	3	5	13	45	749
Djibouti	2005	48.4	21.7	0	0	0	0	99.7	74.3	3.7	0	0	450	33	10	3	98	44	738
Equatorial Guinea	2005		22.1		0.7		0		67.9		0			30		5		43	871
Eritrea	2006		10.0		0		0.3		23.6		0			25		5		91	683
Ethiopia	2006		17.3		0		0.3		44.7		0			35		7		59	728
Gambia			103.5		0		0		100.0		0		0	110		6		21	
Guinea	2005	39.7	14.6	0	0.1	0	1.9	98.3	58.0	0	0	0	75	20	6	18	14	45	808
Guinea-Bissau	2006	40.0	14.3	0	0	0	0	100.0	56.5	0	0	0	40	20	1	3	0	47	810
Haiti	2006	21.3	5.7	16.8	39.2	8.8	0.7	64.9	0	0.3	0	0	70	15	105	11	72	102	722
Kiribati	2006		24.9		30.0		6.1		63.0		3.0			483		66		165	705
Lao People's Democratic Republic	2005		19.5		0		0.7		51.2		0			40		15		69	1,216
Lesotho	2006	200.0	9.0	0	44.8	0	15.1	100.0	24.0	0	7.6	0	200	96	1	166	0	129	880
Madagascar	2006	30.0	14.7	0	2.5	0	0	100.0	59.2	0	0	0	30	20	1	4	0	46	854
Malawi	2006	121.3	14.7	0	11.9	0	0	100.0	39.7	0	0	0	125	25	6	4	14	62	757
Maldives	2006	48.0	18.4	0	0.4	0	0.1	100.0	28.6	6.7	0.1	0	300	145	2	8	141	45	1,183
Mali	2006	59.2	14.3	0	0	0	0	98.3	56.5	0	0	0	75	20	6	3	14	47	810

Country/Territory	Year of MFN applied tariff	Simple average		Duty-free		Non ad valorem duties		Duties > 15 %		Duties > 3 * AVG		Concessions not yet implemented in 2006	Maximum duty		Number of distinct duty rates		Coefficient of variation		Number of MFN applied tariff lines
		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	
		Share of HS 6 digit subheadings in per cent						Share of HS 6 digit subhdgs in per cent											
Mauritania	2006	37.7	12.4	0	8.9	0	0.5	98.3	48.9	0	0	0	75	20	7	10	45	63	796
Mozambique	2006	100.0	16.4	0	0.6	0	0	100.0	58.3	0	0	0	100	25	1	4	0	65	748
Myanmar	2006	102.2	8.7	0.6	7.6	0.6	0	85.7	3.9	3.4	3.2	0	550	40	29	12	92	98	1,216
Nepal	2005	41.4	14.9	0	1.7	0	1.6	96.5	17.9	0.9	1.4	0	200	184	12	25	53	120	714
Niger	2006	83.1	14.3	0	0	0	0	98.3	56.5	0	0	0	200	20	7	3	76	47	810
Rwanda	2006	74.3	14.6	3.2	0	0	0	94.8	27.2	0	0	0	80	30	7	3	27	72	829
Senegal	2006	29.8	14.3	0	0	0	0	99.0	56.5	0	0	0	30	20	2	3	5	47	810
Sierra Leone	2006	40.3	16.4	0	0.6	0	0.2	100.0	66.5	0	0	0	80	30	3	10	12	48	799
Solomon Islands	2006	76.3	17.5	0	3.2	3.4	0	86.0	84.0	1.5	0	0	684	20	33	4	64	35	741
Sudan	2006		30.6		2.1		0.3		84.1		0			40		10		43	772
Tanzania	2006	120.0	19.0	0	17.0	0	1.2	100.0	64.9	0	1.7	0	120	100	1	15	0	69	729
Togo	2006	80.0	14.3	0	0	0	0	100.0	56.5	0	0	0	80	20	1	3	0	47	810
Uganda	2006	77.7	19.0	0	17.0	0	1.2	100.0	64.9	0	1.7	0	80	100	5	15	11	69	729
Vanuatu	2006		33.2		21.8		9.6		51.9		3.6			> 1000		92		310	714
Yemen	2006		10.2		0.7		9.5		16.4		0			25		89		71	895
Zambia	2005	123.3	18.8	0	1.9	0	0	100.0	58.6	0	0	0	125	25	4	4	9	44	803

Notes: All simple averages are based on pre-aggregated HS six-digit averages; pre-aggregation means that duties at the tariff-line level are first averaged to HS six-digit subheadings and that subsequent calculations are based on these pre-aggregated averages. For more information on methodology and concepts, please refer to the original WTO source publication and its technical annexes.

Source: Based on WTO, ITC and UNCTAD, World Tariff Profiles 2006 (http://www.wto.org/english/res_e/statis_e/its2006_e/its06_toc_e.htm).

Annex Table 3(b): Tariff profiles of LDCs (non-agricultural products), 2006

Country/Territory	Year of MFN applied tariff	Simple average		Duty-free		Non ad valorem duties		Duties > 15 %		Duties > 3 * AVG		Concessions not yet implemented in 2006	Maximum duty		Number of distinct duty rates		Coefficient of variation		Number of MFN applied tariff lines
		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	
		Share of HS 6 digit subheadings in per cent								Share of HS 6 digit subhdgs in per cent									
Afghanistan	2006		5.7		0.4		0.1		2.4		0.2			25		14		59	4,668
Angola	2006	60.1	6.8	0	0.0	0	0.9	100.0	9.9	0	1.8	0	80	30	3	50	3	95	4,659
Bangladesh	2006	33.8	14.9	0.0	6.7	0	0.1	2.5	37.6	0.0	0	0	125	25	12	10	58	58	5,632
Benin	2006	11.4	11.6	0.7	1.5	0	0	5.4	38.0	1.4	0	0	50	20	11	4	90	58	4,849
Bhutan	2005		19.2		4.1		0		58.3		0.1		100		7			53	4,539
Burkina Faso	2006	13.1	11.6	0.7	1.5	0	0	5.2	38.0	1.2	0	0	100	20	11	4	141	58	4,849
Burundi	2006	26.6	13.1	0.4	0.1	0	0	6.7	20.3	1.4	0	0	100	30	10	6	114	71	4,775
Cambodia	2006	17.7	13.7	1.1	5.6	0	0	40.3	16.9	0	0	0.5	43	35	19	4	53	73	9,473
Cape Verde	2005		10.2		45.5		0		30.0		6.3		320		12			132	4,810
Central African Republic	2005	37.9	17.4	0	1.3	0	0	56.8	46.0	0	0	0	70	30	7	5	25	51	5,301
Chad	2005	75.0	17.4	0	1.3	0	0	0.2	46.0	0	0	0	75	30	1	5	0	51	5,301
Comoros	2006		29.3		0.9		0.0		97.4		0.0		113		12			15	4,505
Democratic Republic of the Congo	2006	95.9	11.9	0	.	0	0.3	98.9	34.8	0	0	0	100	30	8	16	19	51	5,045
Djibouti	2005	39.9	29.1	0.0	.	0	0	99.6	90.6	0.0	0	0	230	33	9	3	13	27	4,380
Equatorial Guinea	2005		17.4		1.3		0		46.0		0		30		5			51	5,301
Eritrea	2006		7.6		0.0		0.3		16.6		16.6		25		16			110	4,586
Ethiopia	2006		16.7		3.8		0.1		46.8		0		35		9			70	4,856
Gambia		56.1		0		0		0.5		0		0	80		4			36	
Guinea	2005	10.0	11.5	0.7	1.9	0	0.7	4.9	37.1	0.2	0	0	40	20	14	40	68	59	4,922
Guinea-Bissau	2006	50.0	11.6	0	1.5	0	0	97.4	38.0	0	0	0	50	20	2	4	0	58	4,849
Haiti	2006	18.3	2.4	3.3	71.4	9.3	1.4	51.4	0	0	14.5	0	50	15	815	66	56	178	4,573
Kiribati	2006		16.3		39.5		0.8		35.6		12.3		100		75			118	4,618
Lao People's Democratic Republic	2005		8.2		.		0.1		7.6		2.8		40		11			84	9,474
Lesotho	2006	60.0	7.8	0	58.8	0	0.4	100.0	20.7	0	8.7	0	60	60	1	87	0	137	5,784
Madagascar	2006	25.3	13.1	0.0	1.8	0	0	16.3	38.1	0	0	0	30	20	13	4	28	43	5,291
Malawi	2006	42.4	13.3	0	8.2	0	0	20.7	36.3	0	0.0	0	85	> 1000	9	7	16	275	4,839
Maldives	2006	35.1	20.5	0	0.0	0	0.1	96.7	64.2	1.8	0.9	0	300	200	2	17	105	62	7,812
Mali	2006	14.2	11.6	0.7	1.5	0	0	6.9	38.0	2.9	0	0	60	20	11	4	106	58	4,849

Country/Territory	Year of MFN applied tariff	Simple average		Duty-free		Non ad valorem duties		Duties > 15 %		Duties > 3 * AVG		Concessions not yet implemented in 2006	Maximum duty		Number of distinct duty rates		Coefficient of variation		Number of MFN applied tariff lines
		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	Bound	MFN applied		Bound	MFN applied	Bound	MFN applied	Bound	MFN applied	
		Share of HS 6 digit subheadings in per cent								Share of HS 6 digit subhdgs in per cent									
Mauritania	2006	10.5	10.5	0.7	9.6	0	0.6	5.4	32.9	0.0	0	0	50	20	12	59	70	68	5,105
Mozambique	2006	6.6	11.4	0	2.4	0	0	0	31.5	0	0	0	15	25	2	5	57	82	4,629
Myanmar	2006	21.1	5.1	1.0	2.8	0	0	3.4	5.7	0.0	5.7	0	165	40	10	15	79	131	9,473
Nepal	2005	23.7	13.7	3.1	0.8	0	0.2	86.9	16.4	0	0.7	3.3	60	80	10	25	34	73	4,633
Niger	2006	38.1	11.6	0.7	1.5	0	0	72.0	38.0	0	0	0	50	20	11	4	50	58	4,849
Rwanda	2006	91.9	19.4	0.6	6.9	0	0.2	97.3	40.4	0	0	0	100	30	13	14	31	50	5,230
Senegal	2006	30.0	11.6	0	1.5	0	0	100.0	38.0	0	0	0	30	20	2	4	1	58	4,849
Sierra Leone	2006	48.5	13.1	0	0.4	0	0.3	100.0	42.3	0	0	0	80	30	6	18	11	71	4,798
Solomon Islands	2006	79.6	14.1	0	0.4	1.1	0	98.0	49.4	0.0	0	0	455	20	56	5	17	44	4,551
Sudan	2006		18.5		7.2		0.0		47.0		0			40		6		79	4,690
Tanzania	2006	120.0	11.7	0	39.4	0	0.1	0.1	37.1	0	0.3	0	120	55	1	10	0	95	4,696
Togo	2006	80.0	11.6	0	1.5	0	0	0.8	38.0	0	0	0	80	20	1	4	0	58	4,849
Uganda	2006	50.6	11.7	0	39.4	0	0.1	2.9	37.1	0	0.3	0	80	55	3	10	22	95	4,696
Vanuatu	2006		13.8		16.4		0.4		28.7		0.7		250		43		112	4,554	
Yemen	2006		6.6		1.2		1.8		2.5		2.5		25		90		55	5,308	
Zambia	2005	42.2	13.2	0	21.3	0	0	4.0	29.3	0	0	0	60	25	5	4	18	76	5,400

Notes: All simple averages are based on pre-aggregated HS six-digit averages; pre-aggregation means that duties at the tariff line level are first averaged to HS six-digit subheadings and that subsequent calculations are based on these pre-aggregated averages. For more information on methodology and concepts, please refer to the original WTO source publication and its technical annexes.

Source: Based on WTO, ITC and UNCTAD, World Tariff Profiles 2006 (http://www.wto.org/english/res_e/statis_e/its2006_e/its06_toc_e.htm).