UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

MAKING TRADE

MORE DEVELOPMENT-TRANSMITTING, MULTIPLYING AND INCLUSIVE FOR LDCs

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INTRODUCTION

This report discusses LDCs' economic and trade performance since the Third "Brussels" Programme of Action for LDCs for the Decade 2001–2010[1] came into effect, and suggests some emerging trade and development policy issues that can be addressed by LDC–IV (9–13 May 2011, Istanbul, Turkey) and considered for inclusion in the next United Nations decennial programme of action for LDCs. Making trade's impact on LDCs more development-transmitting, multiplying and inclusive socially, economically and environmentally comprises a major challenge in view of the developmental crisis arising from the global food, energy and financial and economic crises. It also offers an opportunity for LDCs, with the support of the international community, to undertake much-needed structural changes and transformation to address deep-rooted constraints, especially weak supply capacities, and foster sustained and sustainable growth and development as well as advance progress towards the achievement of the Millennium Development Goals (MDGs).

I. LDCs' ECONOMIC PERFORMANCE: 2001–2009

LDCs as a group registered consistently on an annual basis strong GDP growth rates between 2001 and 2008, exceeding the global growth rate (table 1). LDCs achieved the target gross domestic product (GDP) growth rate of 7 per cent per annum required by the Brussels Programme of Action since 2004. Regional performances, however, varied and showed high fluctuations, indicative of varying country performances. Moreover, the bulk of this growth is accounted for by a few LDCs, mainly the oil and mineral exporters, that benefited from the commodity price hikes. While the GDP growth rate for African LDCs exceeded the benchmark of 7 per cent since 2004, that of Asian LDCs did so in 2001, 2006 and 2007, while Island LDCs realized such performance only in 2003

Table 1: LDCs' annual GDP growth rate (percentage)

PERIOD	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	1.68	2.01	2.73	4.11	3.51	4.05	3.94	2.18	-1.92
LDCs	5.71	6.09	5.52	9.09	8.31	8.16	8.72	7.05	4.67
LDCs: Africa and Haiti	5.98	5.12	4.62	10.14	8.61	8.34	9.08	7.89	4.01
LDCs: Asia	5.29	8	6.95	7.27	7.86	7.82	8.1	5.49	6.05
LDCs: Islands	0.82	2.69	18.82	5.39	1.98	8.24	6.37	4.41	0.06

Source: UNCTAD GlobStat database.

and 2006. Overall, LDCs' economic growth has been favourable up to 2008, with some regional differences.

At the end of 2008 and in 2009, the global financial and economic crisis brought about a global recession and slump in international trade with consequent detrimental impact on LDCs economic and trade performance as a group and individually within different regions. World GDP growth decelerated in 2008 (Table 1) and declined by about 2 per cent in 2009 as compared to a positive growth rate the previous year. LDCs' aggregate growth rate decelerated but remained positive. Their annual GDP growth rate, which had decelerated between 2007 and 2008 (table 1), dropped sharply to about 4.7 per cent in 2009, among the lowest aggregate level during the period under review and below the Brussels Programme of Action target. Even in terms of regional performances, such low (or even lower) growth was experienced mainly by Island LDCs between 2001 and 2002, and 2005. The recession ended years of dynamic growth and contributed to reversing the modest progress achieved towards some of the MDGs. In 2010, LDCs' economic growth is expected to rebound, with a 5.3 per cent growth rate as a global recovery takes place,[2] although regional and country performances may vary. The sustainability of such growth will be contingent on the sustainability of the recovery which at present remains fragile and uneven among countries.[3]

GDP per capita for LDCs as a group during the period grew steadily though marginally, reaching $624 in 2008 from $270 in 2001 (table 2). In terms of regional performances, the GDP per capita of Island LDCs exceeded by far all other regions and was above the $1,000 mark from 2006 to 2008. Asian LDCs per capita income levels ranged above that of African LDCs and Haiti between 2000 and 2004, then the latter's per capita income levels surpassed that of Asian LDCs for the remainder of the period. As a group, LDCs' income levels remain far below those of other developing countries, which averaged about $2,779 in 2008.

Table 2: LDCs GDP per capita (United States dollars) 2001–2008

	2001	2002	2003	2004	2005	2006	2007	2008
World	5,145	5,290	5,870	6,526	6,976	7,462	8,288	9,012
Developing countries	1,168	1,163	1,276	1,470	1,719	1,987	2,351	2,779
LDCs	270	287	315	351	393	442	518	624
LDCs: Africa and Haiti	256	269	303	345	394	453	533	641
LDCs: Asia	285	309	328	355	384	417	486	589
LDCs: Islands	950	944	860	938	962	1,034	1,213	1,351

Source: UNCTAD GlobStat database.

Despite overall positive economic performances, poverty remains entrenched in many LDCs. Many LDCs have not been able to provide adequate and affordable access by their population to essential services such as water, electricity and other energy sources, housing, education and health. Unemployment levels are high in LDCs. For example, the unemployment rate is 38 per cent amongst the youth in Senegal. Annual per capita incomes of most LDCs remain below $1,000, with the exception of Island LDCs. Most LDCs recorded persistent trade deficits. Further, many LDCs are vulnerable to natural disasters that can undermine and retard their trade and development efforts, as the earthquake in Haiti in January 2010 demonstrated. The challenge remains of transforming the positive economic growth into welfare enhancement for the majority of the population in LDCs.

II. LDCs' TRADE PERFORMANCE: 2001–2009

A. Overall performance

Between 1991 and 2007, LDCs experienced improvements in trade performance, especially in export growth, both in value terms and its share of GDP. Compared to a 0.5 per cent share in global merchandise and services exports when the Third Programme of Action began in 2001 and 0.48 per cent in 1991 when the Second Programme of Action started, LDCs increased that share consistently to exceed 0.8 per cent in 2007 (table 3). The strong export performance, however, was confined to a few LDCs and mainly due to high commodity prices. Nine oil and mineral exporters among LDCs accounted for over 60 per cent of the group's total merchandise exports between 2006 and 2009 (table 9).

The strong trade performance resulted in an increase in the share of exports of goods and services in the GDP of LDCs, from 22.4 per cent in 2001 to 28.6 per cent in 2008 (table 4). The dependence on trade for wealth generation is thus high for LDCs as

Table 3. LDCs' total merchandise and services exports, 1991–2007 (value at current prices in millions of United States dollars and share in percentage)

YEAR		1991	2001	2006	2007
World	Total Exports	4,375,341	7,720,327	14,913,483	17,170,189
LDCs	Value	20,956	43,792	118,495	142,120
	Share	0.48	0.57	0.79	0.83

Source: UNCTAD GlobStat database.

a group and especially significant for Island LDCs, but declining as the share fell from 55 per cent of GDP in 2001 to 40 per cent in 2008.

Broadly, African LDCs dominate in the exports of primary commodities, including fuel and minerals, accounting for 87 per cent of total LDC exports in 2008 and 85 per cent in 2009 due to the economic crisis (table 5). As regards manufactures, Asian LDCs play a dominant role, accounting for almost 75 per cent of total LDCs exports in 2008 and 77 per cent in 2009 despite the economic crisis (table 6). Island LDCs tend to specialize in production and exports of agricultural commodities, fisheries and tourism. African LDCs specialized in primary commodity exports, including fuel and minerals, while Asian LDCs tend to concentrate on manufacturing exports, mainly in textiles and clothing products, but also export primary commodities. The movement of persons supplying services is of growing importance to most LDCs, with remittances constituting a major source of development finance (in addition to foreign direct investment (FDI) and official development assistance (ODA)).

Table 4. LDCs Total merchandise and services exports as a percentage of GDP, 2001–2008

	2001	2006	2007	2008
LDCs	22.4	28.7	28.4	28.6
LDCs: Africa and Haiti	24.0	31.6	32.0	33.2
LDCs: Asia	19.5	23.3	21.8	20.2
LDCs: Islands	55.0	42.6	40.9	40.1

Source: UNCTAD GlobStat database.

Table 5. LDCs' global exports of primary commodities (SITC 0 + 1 + 2 + 3 + 4 + 68 + 667+ 971), 2001-2009 (value in millions of United States dollars)

	2001	2003	2005	2007	2008	2009
World	1,371,842	1,702,929	2,661,755	3,796,253	4,844,368	3,569,723
All LDCs	23,850	31,321	60,494	97,271	133,755	99,755
LDCs: Africa and Haiti	18,234	24,925	49,607	81,994	116,108	84,681
LDCs: Asia	5,488	6,205	10,618	14,957	17,199	14,785
LDCs: Islands	128	191	269	320	448	290

Source: UNCTAD GlobStat database.

Table 6. LDCs' global exports of manufactured goods, 2001-2009 (value in millions of United States dollars)

	2001	2003	2005	2007	2008	2009
World	4,503,234	5,488,921	7,332,428	9,473,161	10,435,556	8,370,092
All LDCs	10,170	12,644	17,498	24,465	28,300	27,415
LDCs: Africa and Haiti	2,047	2,891	4,252	6,257	7,035	6,105
LDCs: Asia	8,039	9,619	13,114	18,089	21,175	21,242
LDCs: Islands	84	135	132	119	89	8

Source: UNCTAD GlobStat database.

LDCs' export performance in manufactures is dominated by a few Asian countries. Asian LDCs play a dominant role in exports of manufactures, mainly textiles and clothing (table 7; see also annex table 2). Four of them accounted for 75 per cent of total LDCs exports in 2009. Africa's four top exporters' share was 10 per cent, and Island LDCs accounted for less than 1 per cent. At country level, Bangladesh dominates manufactured exports accounting for over 53 per cent of LDCs' manufactured exports in 2009. Overall, LDCs account for an insignificant proportion of global manufactures trade, which was about 0.33 per cent in 2009.

Notwithstanding their overall dynamic export performance, LDCs persistently recorded trade deficits during the period reviewed – they are mainly net-importers (table 8). While imports are necessary to meet, for example, food needs and provide intermediate goods for productive activities, the large deficits for LDCs as a group are largely a manifestation of smaller export revenue due to limited export diversification and value addition. The export basket of LDCs suffers from structural weaknesses mainly of the supply and productive capacities, which also leads to a higher propensity to import foreign goods and services. The balance of trade (goods and services) remained negative from 2001 to 2009. This deficit declined from $19.8 to $16.5 billion between 2001 and 2006, and then rose substantially to $52.1 billion in 2009. All regions of LDCs experience balance of trade deficits but the huge increase in the deficit in 2009 was due primarily to a large increase in African LDCs' deficits.

The global financial and economic crisis also curtailed LDCs' dynamic trade performance as in the case of their economic growth performance. The shrinking in global demand paired with the drying up of trade finance caused a sharp contraction of international trade in goods and services whose growth, by the end of 2008, turned negative – falling between 10 and 15 per cent as compared to 2008. Commodity prices sharply dropped. Financial flows, especially investment and remittances, declined.

Table 7. Top exporters of manufactured goods among LDCs (SITC 5 to 8 less 667 and 68) (in current millions of United States dollars and in percentages)

	2009
World	8,370,093
LDCs Total	**27,415**
LDCs share in world %	0.33
LCDs: Asia: Share in LDCs total Exports in %	
Bangladesh	52.92
Cambodia	13.03
Myanmar	6.06
Nepal	2.15
Share of the 4 countries	**74.15**
LDCs: Africa: Share in LDCs total in %	
Lesotho	2.82
Senegal	2.81
Madagascar	2.17
Tanzania, United Republic of	1.80
Share of the 4 countries	**9.60**
LDCs: Islands: Share in LDCs total in %	
Samoa	0.12
Vanuatu	0.07
Comoros	0.03
Kiribati	0.01
Share of the 4 countries	**0.23**

Source: UNCTAD GlobStat database.

LDCs' trade performance also slumped, but is expected to rebound along with recovery in all other regions. Merchandise exports declined by 9.1 per cent between September 2008 and March 2009, and then recovered to show a growth rate of 9.0 per cent between April and July 2009.[4] All merchandise sectors (agricultural products, food products, fuel and mining, manufactured goods) reflected these broad trends, with the strongest decline and rebound observed in fuels and mining. UNCTAD had predicted that for 2009 as a whole, LDCs' merchandise exports would decline between 9 and 16 per cent. The International Monetary Fund (IMF) estimated a decline in exports growth

Table 8. LDCs merchandise and services trade balance (millions of United States dollars at current prices)

		2001	2006	2008	2009
LDCs	Imports	63,599.50	134,227.02	221,855.02	197,948.21
	Exports	43,799.54	117,760.55	198,760.67	145,861.39
	Balance	-19,799.96	-16,466.48	-23,094.34	-52,086.82
LDCs: Africa and Haiti	Imports	38,658.41	89,349.92	154,628.79	137,641.47
	Exports	25,883.98	82,237.46	151,459.13	103,680.13
	Balance	-12,774.44	-7,112.46	-3,169.67	-33,961.34
LDCs: Asia	Imports	23,762.72	42,118.97	62,966.59	56,575.54
	Exports	17,025.59	34,047.79	45,292.81	40,452.12
	Balance	-6,737.14	-8,071.18	-17,673.78	-16,123.43
LDCs: Islands	Imports	1,178.36	2,758.14	4,259.63	3,731.20
	Exports	889.97	1,475.30	2,008.73	1,729.14
Trade Balance		**-288.39**	**-1,282.84**	**-2,250.90**	**-2,002.06**

Source: UNCTAD GlobStat database.

in 2009 in sub-Saharan Africa, which has the largest number of LDCs by 5.3 per cent, followed by a recovery of 4.7 per cent in 2010.[5]

The signs of recovery in global trade and in LDCs' performance remains fragile, owing to the anaemic growth and demand in major markets in industrialized countries, crisis mitigation measures by major economies that place emphasis on encouraging domestic consumption and expenditures, volatility of commodity prices, and structural production and infrastructure constraints that remain to be effectively addressed. The persistent balance of trade deficits of LDCs is indicative of weak and undiversified production structures, increasing reliance on imports for most of the needs for consumption and investment. For example, Zambia's export revenue is raised substantially on copper exports, Ethiopia's and Rwanda's on coffee, Cambodia's on textiles and clothing, Angola's and Yemen's on petroleum, Benin's and Mali's on cotton, Malawi's on tobacco and Samoa's on copra and coconut oil, and fish.

Remittances, including from persons supplying services abroad, are a major source of income for many LDCs, and have fallen, albeit only slightly, with the global recession and weak recovery in industrialized countries and the Middle East. For countries in sub-Saharan Africa, for instance, where about 80 per cent of remittances originate in advanced countries, there is heightened vulnerability to the economic slowdown in developed country markets. Due to their strong reliance on remittances for development financing, some sub-Saharan African countries could be more exposed than others to the slowdown in the global economy. Remittances account for more than 20 per cent of GDP in Comoros, Haiti and Lesotho, and in 10 other sub-Saharan African countries, the share exceeds 5 per cent. [6]

B. Merchandise trade

Significantly, for the first time in many decades, LDCs' share of global merchandise exports exceeded 1 per cent in 2008, consistent also with overall improvement in developing countries' share of global merchandise exports (table 9). The increase to the 1 per cent level was due largely to the strong trade growth performance of African LDCs driven by oil and mineral exports, while that of Asian LDCs and Island LDCs remained stagnant. In 2009, the share contracted slightly but remained at the 1 per cent level. When the top nine oil and mineral exporting countries[7] are excluded, the LDCs' share of global merchandise exports drops drastically. For instance, after excluding oil and mineral exporters, the share was only 0.33 per cent in 2008 and 0.4 per cent in 2009. Thus the strong improvement in exports is accounted by only a few LDCs.

Overall, the periods 1980–2005 and 2000–2009 witnessed double–digit growth rates in merchandise exports for all country groups, with LDCs recording by far the strongest average annual growth rate of about 21 per cent in 2000–2009, up from about 7 per cent in 1980–2005 (table 10). In both manufactures and primary commodities, LDCs' exports show improvement but could be augmented upon and the same is true for other exports, including, petroleum products, mineral fuels, agricultural raw materials, food items and clothing in order to have a large contribution on income generation and poverty reduction.

As in other sectors, LDCs imported more food than they exported, with the deficit growing substantially, from $3.7 billion in 2001 to $15 billion in 2009 – all LDC regions experienced large deficits in food trade (table 11). Even African LDCs which had realized impressive export growths were not able to reduce the deficit in respect of food trade but rather registered substantial and increased deficits. This denotes increasingly heavy reliance on imports for most basic food needs and that local production is insufficient to meet them.

Exports of clothing products annually to both the United States and European Union (EU) markets, the two main markets for LDCs, for the period under review were positive (annex tables 1, 2 and 3). The annual growth trends show that, at aggregate

Table 9. LDCs' share in total global merchandise exports, 2001-2009 (value in thousands of United States dollars and share in percentage)

	2001	2006	2007	2008	2009
World	6,119,605,643	12,001,922,153	13,845,579,539	15,916,571,475	12,338,070,838
Developing economies	1,907,805,589	4,505,331,580	5,228,739,654	6,186,063,751	4,911,792,040
Share	31.18	37.54	37.76	38.87	39.81
LDCs	34,575,402	102,621,910	127,555,981	174,414,412	128,225,830
Share	0.56	0.86	0.92	1.10	1.04
9 LDCs Oil & Mineral exporters	16,299,567	65,274,308	83,469,360	121,864,045	78,755,947
Share	0.27	0.54	0.60	0.77	0.64
Share in total exports of LDCs	47.1	63.6	65.4	69.9	61.4
LDCs excluding oil & Mineral exporters	18,275,835	37,347,602	44,086,621	52,550,367	49,469,883
Share	0.30	0.31	0.32	0.33	0.40
LDCs: Africa and Haiti	20,758,587	72,892,589	94,042,107	135,138,061	91,780,160
Share	0.34	0.61	0.68	0.85	0.74
LDCs: Asia	13,593,300	29,332,980	33,067,067	38,776,624	36,083,789
Share	0.22	0.24	0.24	0.24	0.29
LDCs: Islands	223,515	396,342	446,808	499,727	361,880
Share	0.00	0.00	0.00	0.00	0.00

Source: UNCTAD GlobStat database.

level, LDCs made impressive export gains and have not been negatively affected by the end of the quotas in 2005 due to the expiry of the World Trade Organization (WTO) Agreement on Textiles and Clothing (ATC). However, at individual country level, clothing export performances in both markets show that only two countries (Bangladesh and Cambodia) dominate this trade. In 2008, the two countries account for over 84 per cent of total LDCs exports to the United States, and for 90 per cent to the EU, even though they face relatively high tariffs in key export markets due to the lack of coverage

Table 10. Growth rates of merchandise exports, 1980–2005 and 2000–2009 (percentage)

YEAR	1980 -2005	2000 - 2009
World	7.08	11.52
Developing economies	8.23	14.88
Developed economies	6.77	9.23
LDCs	6.72	20.61

Source: UNCTAD GlobStat database.

Table 11. LDCs' exports of all food items (SITC 0 + 1 + 22 + 4), 2001-2009 (Value in millions of United States dollars and share in percentage)

		2001	2006	2007	2008	2009
All LDCs	Exports	4,599	8,100	9,535	11,467	10'967
	Imports	8,277	16,407	20,823	24,796	25'716
	Balance	-3,678	-8,307	-11,288	-13,329	-14'749
LDCs: Africa and Haiti	Export	3,329	5,566	6,281	7,505	7'399
	Import	4,995	10,246	12,356	16,379	16'229
	Balance	-1'666	-4'680	-6'075	-8'874	-8'830
LDCs: Asia	Export	1,163	2,331	3,049	3,692	3'413
	Import	3,086	5,773	8,009	7,804	8'888
	Balance	-1'923	-3'442	-4'960	-4'112	-5'475
LDCs: Islands	Export	108	203	205	269	156
	Import	195	388	458	612	599
	Balance	-87	-185	-253	-343	-443

Source: UNCTAD GlobStat database.

of textiles and clothing under preferential schemes. Bangladesh alone, accounting for 50 per cent of total LDC exports to the United States, and 82 per cent to the EU, is the main exporter of this product group. Also, some countries (e.g. Lesotho, Togo, Uganda, Yemen and Zambia) may have been impacted negatively by the ATC expiry and other factors (annex tables 1, 2 and 3). The strong performance in textiles and clothing thus seem to have benefited a few LDCs, mostly in Asia, due to the competitiveness and resilience of the clothing sector in those countries. In most other LDCs, this sector, which is seen as the engine for launching countries onto the path of industrialization, is weak or declining..

C. Services trade

In respect of services, LDCs' increased their exports but at modest levels as compared to merchandise exports. From 2001 to 2008, LDCs services exports increased from $7.56 billion to $18.46 billion (table 12), with all LDC regions showing positive performances. Such exports, despite slow growth, annually accounted for a stable 0.5 per cent of total global services throughout the period reviewed in comparison to developing countries as a group which saw a gradual expansion in their share to 22 per cent in 2008.

Between 1998 and 2008, the top 15 LDCs services exporters were the United Republic of Tanzania ($1.2 billion), Bangladesh ($1 billion), Ethiopia ($900 million), Cambodia ($800.5 million), Senegal ($600.2 million), Nepal ($400.5 million), Maldives ($400.2 million), Madagascar ($400.2 million), Yemen ($400.1 million), Uganda ($200.8 million), Mozambique ($200.8 million), Myanmar ($200.8 million), Liberia (200.5 million), Angola ($200.2 million) and Djibouti ($200.2 million).[8]

The services sector plays an increasingly important role in economic development of LDCs and has the potential to assist LDCs in diversifying away from the traditional dependence on agricultural (including fisheries) sector as the motor of economic development. For example, in Uganda, the services sector is a dynamic source of economic growth and a main contributor to poverty reduction. The aggregate contribution of services to GDP in 2009 surpassed 51 per cent, and over the past 15 years, services have consistently demonstrated the highest annual growth rate of all economic sectors,

Table 12. Services exports to world by LDCs and developing countries, 2001–2008 (value in millions of United States dollars and share in percentage)

	2001	2006	2007	2008
World	1,529,040	2,877,891	3,416,193	3,856,987
All LDCs	7,562	13,655	16,101	18,457
All LDCs' share	0.5	0.5	0.5	0.5
LDCs: Africa and Haiti	4,471	8,564	10,043	11,432
LDCs: Asia	2,460	4,136	4,959	5,720
LDCs: Islands	631	955	1,099	1,305
Developing countries	289,102	628,477	752,634	847,100
Developing countries' share	18.9	21.8	22.0	22.0

Source: UNCTAD GlobStat database.

climbing to nearly 10 per cent in 2009. With a large pool of medium- and high-skill workers, Uganda has a central economic policy objective to further boost its gains from services and services trade.[9] The services sector builds linkages in providing distribution and transportation services to the farmers, creating jobs and generating tax revenues. It strengthens the competitiveness of the entire economy as well.

Some services sectors have exhibited high growth potential, such as tourism and movement of services suppliers, and have contributed to increasing LDCs' services exports. In 23 of the 49 LDCs, international tourism is among their top three foreign exchange earners, and for 7 it is their single largest revenue earner, inducing significant income-multiplier effects and progress in terms of national income.[10] Overall, LDCs' participation in services development and trade is constrained by weak and under-developed supply capacities, compounded by regulatory and institutional weaknesses, and market access constraints.[11] Benefits from tourism also suffer from leakages (i.e. part of the foreign exchange earnings generated by tourism is retained in tourist–generating countries rather then in tourist–receiving countries).

D. South–South trade

Total merchandise exports among developing countries, for the period 2001–2007, increased from $752 billion to $2.38 trillion (table 13). Annually, LDCs' goods exports to the South expanded considerably in value terms and their share of total trade among developing countries increased from 1.7 per cent in 2001 to 2.4 per cent in 2007. This growth is significant in that it took place alongside an equally strong expansion in South–South trade. These trends indicate the potential for further expanding South–South trade and enhancing deeper integration of LDCs in such trade. However, as with global trade flows, LDCs' aggregate share of South–South trade remains insignificant, hence the need to take proactive measures to enhance the participation of LDCs in South–South trade and derive trade and development gains.

Table 13. LDCs' merchandise exports to developing countries, 2001-2007 (thousands of United States dollars)

Region	2001	2006	2007
South-South exports	752,164,945	2,036,219,158	2,385,500,495
LDCs exports to South	12,739,657	51,446,051	58,515,602
LDCs' share in South-South trade (per cent)	1.7	2.5	2.4

Source: UNCTAD South-South trade database.

Such South–South trade occurs often under trading conditions of subregional and regional as well as interregional trade and economic cooperation, and integration agreements to which LDCs are parties. These arrangements could be further strengthened in realizing their goals of free trade, customs unions and common markets to create the wider trade and investment area. In many such arrangements, preferential treatment is provided to LDCs in terms of market access conditions, less reciprocal liberalization commitments and development assistance. The trade schemes need to be accompanied by infrastructure building, trade facilitation measures and other complementary measures to ensure that goods and services flow easily across borders.

Further, duty-free and quota-free trade preferences offered by developing countries to LDCs, such as by Brazil, China and India – accompanied by production, technological, human and institution capacity–building programmes – can bring important trade and welfare benefits. For example, under the India scheme, duty-free and quota-free preferences would be provided on 85 per cent of the tariff lines (at 6-digit HS level) and margin of preference of 10 to 100 per cent provided on 468 products (at 6-digit HS level). In terms of product coverage, 94 per cent of total tariff lines are covered (only 6 per cent of the total tariff lines remain in the Exclusion List on which no preferential duty access would be granted). These lines account for 92.5 per cent of LDCs' global exports. Products of immediate interest to LDCs, especially African LDCs which are covered under this scheme, include cotton, cocoa, aluminium ores, copper ores, cashew nuts, cane sugar, ready-made garments and fish fillets. Improvements to the schemes including in rules of origins and increased product coverage will enhance the impact of these schemes.

The Global System of Trade Preferences (GSTP) among Developing Countries constitutes a useful instrument for the expansion of South–South trade, including LDCs. There are seven LDCs[12] members of the GSTP Agreement. GSTP members' intra-trade (exports) for 2007 stood at $600 billion, with LDCs accounting for 1 per cent ($6.3 billion). Apart from Myanmar and Guinea, all LDCs experienced trade deficits with other GSTP partners in 2007 (annex table 4). More initiatives could be taken to improve LDCs' participation in the GSTP, including through provisions on strengthening supply-side and on trade facilitation. On 2 December 2009, ministers of participating developing countries agreed on modalities for liberalizing merchandise trade. They agreed to apply an across-the-board, line-by-line, linear cut of at least 20 per cent on their dutiable tariff lines, to be combined with request-and-offer and/or sectoral negotiations on a voluntary basis. They also agreed regarding product coverage to assume commitments on at least 70 per cent of their dutiable tariff lines. On 16 December 2010, ministers of developing country parties to the GSTP concluded the negotiations with a new agreement that will cut tariffs by 20 per cent on at least 70 per cent of products exported and subject to duty among eight countries, with more expected to join the agreement.

III. LIMITED STRUCTURAL CHANGE IN LDCs

The main challenge of LDCs in engaging in international trade is their inability to produce a diversified range of exportable goods and services, and move into the global production and distribution chains where export value addition and diversification takes place. Trade diversification is generally premised on three interrelated objectives, namely, stabilizing export earnings, expanding export revenue and upgrading value added. [13] All are necessary in reducing LDCs' vulnerability to fluctuations in commodity prices. One way to assess the extent of export diversification or lack of it is to use the diversification index. The degree of diversification of a country's exports, calculated as a Hirschmann index, can be analysed, inter alia, by studying this export diversification index. The index takes values between 0 and 1 and increases in the index (moving towards 1) indicate low diversification in exports. In other words, the index that ranges from 0 to 1 reveals the extent of the difference between the structure of trade of the country or country group and the world average. The value closer to 1 indicates a bigger difference from the world average.[14]

Table 14 on the diversification index (explaining the scope of export diversification) shows a huge gap between developing economies and LDCs. In 2008, the index for developing economies was 0.22, while that of LDCs was 0.71. In other words, LDCs exhibit much lower export diversification than developing economies. Between 2000 and 2008, the index for developing economies decreased from 0.26 to 0.22, while for LDCs it decreased from 0.72 to 0.71. The rate of change was minimal for LDCs indicating limited structural transformation.

An example of an LDC, namely Lesotho, is discussed in the box below to illustrate the country's experience in fostering structural change and productive transformation through the use of trade preferences. On the one hand, it illustrates that trade policy can contribute towards investment to build productive capacities. On the other, it also shows that lack of commitment by investors has not helped the country to build resilience and sustain growth, especially when the investment does not impart technological learning and skills development to the country.

Table 14. LDCs diversification index: 2000–2008 (value in United States dollars)

	2000	2002	2004	2006	2008
Developing economies	0.26	0.26	0.26	0.24	0.22
LDCs	**0.72**	**0.70**	**0.71**	**0.69**	**0.71**
LDCs: Africa and Haiti	0.74	0.73	0.74	0.73	0.74
LDCs: Asia	0.76	0.78	0.76	0.73	0.71
LDCs: Islands	0.81	0.79	0.71	0.76	0.81

Source: UNCTAD GlobStat database.

Box 1. Structural change in Lesotho: The textiles and clothing sector

The successful story (and subsequent decline) of Lesotho as a major African exporter of textiles and clothing, mainly to United States, provides an example of the direct correlation between trade policy and domestic productivity in an LDC. While the literature on the relationship between the two has a diversity of opinions, the benefits of the quotas (under WTO's Agreement on Textiles and Clothing before its expiry in 2005) and duty-free and quota-free tariffs in the United States granted under the African Growth Opportunities Act (AGOA) since 2000 catalysed new and reinvigorated existing FDI from Asia (Taiwan Province of China and Hong Kong, China) and South Africa into Lesotho and into building of the textiles and clothing industry. The products were exported mainly to the United States market which in 2004 dominated Lesotho's market share by 90 per cent. The machinery and technology and other inputs brought into the country through FDI to develop the sector improved productivity in the sector for exports. In allowing Lesotho's producers to use fabrics from anywhere in the world, AGOA enabled Lesotho to source the most cost-competitive fabrics and tap production and supply networks in Asia and South Africa. Structural change was manifested in the export structure towards textiles, change in import structure with focus on productive inputs, and change in technological embodiment of products containing value addition. Although exports of apparel, food, beverages, handicrafts, construction and tourism had been going on for a long time in Lesotho, the introduction of AGOA stimulated rapid structural change in production of apparel and trade in the sector.

Trade policy and subsequent FDI in apparel clearly succeeded in increasing the country's manufacturing exports, especially to the United States. The exports subsequently declined (see table below). There was limited effect on creating linkages and fostering local skills development. Lesotho's shares in total LDCs exports, which had been increasing from 8 per cent in 2002 to 10 per cent in 2004, dropped to 5 per cent in 2008. The drop could be partially attributed to the end of the quotas in 2005 that led to a withdrawal of FDI. In 2005, total exports fell by 14 per cent, almost entirely accounted for by the decline of exports in textiles and apparel, and by the end of 2004, 6 of the country's 50 clothing factories closed down and many jobs were lost. Productivity growth depends on accumulation of factors of production such as human and physical capital. Trade can affect productivity in several ways, including fostering deeper specialization, attracting FDI, improving scale economies and promoting technology spillovers. These did not seem to have taken root in Lesotho through textiles and clothing industry. When investors pulled out of the country, the industry's productivity declined, indicating that it was not internally sustainable. This underlines the importance of building a competitive and resilient productive base for the sustainability of any trade-led structural and industrial transformation.

Box table 1. Lesotho's exports of clothing (HS 61, 62 and 63) to the United States, 2000-2008 in thousands of United States dollars and share (percentage) in total LDCs' exports

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total All LDCs	4'314'166	4'509'224	4'353'442	4'759'405	5'035'254	5'581'627	6'604'295	7'089'712	7'350'442
Lesotho	146'364	223'549	342'432	419'072	481'866	408'330	407'289	402'337	358'821
Share per cent	3. 0	5. 0	8. 0	9. 0	10. 0	7. 0	6. 0	6. 0	5. 0
Bangladesh share per cent	50. 0	48. 0	46. 0	42. 0	42. 0	45. 0	47. 0	46. 0	50. 0

Source: UNCOMTRADE based on Mirror trade.

IV. KEY DEVELOPMENT CHALLENGES AND POLICY ISSUES

The strong export performance of LDCs up to the crisis, the slump owing to the crisis, and expected rebound show that international trade will contribute to economic recovery in LDCs. International trade continues to be a major and growing source of growth stimulus for LDCs in the period ahead. At the same time, in aggregate, the 49 LDCs together account for an insignificant share of global trade in goods and services, face persistent trade deficits in all economic sectors, including food, and are highly vulnerable to fluctuations in global economic performance due to their strong dependence on international trade (as demonstrated by the impact of the global economic crisis), based on limited and un-diversified production structures dominated by commodities and concentrated markets. A few LDCs have developed and taken advantage of their services sectors, especially tourism and movement of natural persons supplying services, but for the most part services sector development remains limited. There is need to substantially strengthen productive capacity and address the constraints that inhibit the contribution trade could make to alleviating poverty and promoting development.

In considering the way forward, it would be important to reflect on progress made in fulfilling the commitments of the Brussels Programme of Action. Commitment 5 expected Governments of LDCs and the international community to implement actions for “Enhancing the role of trade in development”. While many actions have been implemented with varying levels of success, such as in market access and human and institutional capacity-building, there is only modest improvement in addressing fundamental development constraints faced by LDCs, especially enhancing productive capacity. In many LDCs, trade policies have not yet been effectively integrated into national policies. The Enhanced Integrated Framework for LDCs aims to make such improvements. Some LDCs – such as Rwanda, with the support of UNCTAD – are increasing their efforts to do so. Improving export value addition, diversification and processing of primary commodities and enhancing compliance of products to international standards are major challenges for most LDCs. For example, African LDCs still depend on exports of primary commodities, while Asian LDCs depend on a limited number of manufactures, mainly textiles and clothing. In services trade, improvements have been made in increasing production and exports of services, but overall the potential contribution of services to development has not been effectively harnessed in LDCs. Despite concerted efforts so far at improving trade facilitation, including at regional level, this remains a major challenge in many LDCs.

The WTO Doha Round negotiations have not yet been concluded and hence the expected outcome that would deliver development-oriented results on trade interests of LDCs remains outstanding. Progress in LDCs regional integration efforts is mixed and their participation in regional and interregional trade agreements among developing countries and in benefitting from them remains limited.

Areas where important improvements have been realized include the following: (a) most LDCs have strengthened liberalization over the years to stimulate competitiveness; (b) market access opportunities for LDCs have been expanded with duty-free and quota free schemes of developed countries and some developing countries, however non-tariff barriers now constitute important barriers; (c) human and institutional capacity-building efforts for increased participation in trade policy formulation, negotiations and implementation have been enhanced, including through Aid for Trade initiatives; and (d) efforts to improve gender roles, especially women's effective participation in trade, have increased in many LDCs and are being integrated into national plans.

A. Enhancing trade in support of structural transformation

A number of key development challenges mitigate LDCs' efforts at increasing their effective integration into the international trading system and deriving development gains.[15] One is the need for a fundamental structural transformation of LDCs from producing and trading in few products with low volume and value into a diversified range of commodities (including for food security), manufactures and services with high value and volume, which also provide jobs and higher incomes, especially to the poor, and protect the natural environment. Services sector production and trade constitute the new frontier for trade and development of LDCs.

Such transformation would draw from successful examples (such as Bangladesh and Cambodia in producing textiles and clothing, and Lesotho in producing light bulbs), and driven by careful diagnosis, inclusive consultations among stakeholders, followed by the elaboration of actions (at national, regional and international levels). It would allow for continuous experimentation with various policies and strategies to find the best-fit and workable solutions for purposely developing capacities for LDCs to produce a variety of products and trade.

A number of policy challenges need to be addressed in promoting deeper structural changes in trade and trade-related areas. These include (a) addressing underdeveloped and narrow supply and productive base and dependence on a few main markets, compounded by weak trade-related infrastructure; (b) market access and entry constrains in developed country markets as well as in South-South markets, especially non-tariff barriers and measures inhibiting services exports; and (c) current low policy attention to economic and trade issues in national development strategies, together with weak trade-related institutional and regulatory measures.

B. Strengthening productive capacities and trade-related infrastructure for trade

A few LDCs have diversified and added value in their exports based on deliberate investment in the productive sector. Other LDCs, especially African LDCs, depend more on few primary commodity exports with limited value addition and diversification. The services sectors which can offer significant development and trade gains potential remain under-developed in most LDCs. The un-diversified and commodity–based trade economy of most LDCs renders them highly vulnerable to external shocks.

A deliberate attention to developing productive capacity, including through private–public partnership, is needed. The productive capacity development will evolve as a complementary action measure of a comprehensive trade policy regime. Key areas of production that can be developed for LDCs include (a) new and dynamic sectors of international trade such as electronics or creative industries; (b) sustainable agriculture, especially organic agriculture, and other biodiversity–based products, as well as sustainable fishing; (c) services sectors such as tourism, information and communications technology (ICT) and movement of natural persons; and (d) value addition in commodity sectors such as coffee or fisheries or forestry.

The development of the textiles and clothing industry remains central to industrial development in most countries, including LDCs. Thus, efforts in this direction including in terms of cotton production and trade, and ensuring its transformation into processed products, are important for many LDCs, especially those currently producing cotton.

Apart from producing competitive goods and services, ensuring that these are moved to the consumers remains a big barrier and costly to many LDCs. LDCs should launch programmes for developing competitive national, regional and international trade facilitation systems, including transport to improve administrative procedures and lower transaction cost throughout supply chains have to be addressed. Public (including ODA) and private investment into infrastructure development should be strengthened to facilitate and reduce costs of transporting both exports and imports.

Developing trade-related infrastructure as part of a comprehensive trade policy plan requires that careful planning in ensuring that infrastructure development is not undertaken in a vacuum but specifically directed at linking rural and urban economies in the priority production sectors, and between the country and its major trading partners.

LDCs and their development partners should collaborate to ensure that other factors that add to costs of production and trade such as access to adequate and affordable energy sources, including renewable energy, will have to be developed. Furthermore, accessing affordable trade financing is critical to support trade expansion. Such financing could be provided by national institutions, regional development banks, multilateral institutions and cooperative arrangements.

C. Specific integration of trade into national development strategies

While international trade plays an important role in promoting economic growth, generating finance for development, providing jobs and incomes, it tends to remain marginalized in national development plans including poverty reduction strategies. Many LDCs do not have a specific trade policy, discussed through national consensus and enacted by Government to guide and strengthen the role of trade in development. This then often results in weak public support for the trade and trade-related sectors, assuming that the private sector can alone foster trade growth. This also results in weak public–private partnerships for trade. It marginalizes investment in productive sectors and encourages immediate consumption patterns, often to address important social needs such as health and education. A continued focus on consumption diverts attention away from much needed structural changes that can build economic resilience and sustainability.

LDCs could consider elaborating and adopting specific and comprehensive trade policy regimes,[16] based on national consensus such as through inter-institutional trade committees, as a key aspect of their development strategies. In many LDCs, especially in Africa, as members of subregional economic integration groupings aiming at setting up customs unions such as the West African Economic and Monetary Union or the East African Community, they would have a common external tariff and common policies. Thus, any national trade policy regime would be encapsulated within the regional trade and macro-economic policy framework. The trade policy regime should achieve a balance between market orientation and supply-side capacity building.

The priorities in the trade policy regime should be mainstreamed into the national and regional development strategies, and integrated in development cooperation programmes such as the Enhanced Integrated Framework. Such an approach has recently been taken by Rwanda with UNCTAD's support. A specific trade policy regime would need to be accompanied by strengthened institutional and regulatory frameworks as well as human resources development that will ensure fuller implementation of the policy.

Trade-related policies that build up competitiveness of economies also need to be addressed. In this regard, many LDCs are yet to enact competition policy and regulatory laws and the likelihood that anticompetitive practices may erode any gains accruing from trade, investment and other economic policy measures is higher for these countries. Thus regulatory frameworks are established to oversee the market operations and protect consumers, including a competition law with consumers' protection provisions, anti-competitive agreements, abuse of a dominant market position and merger control regulation. Developing a culture of competition could also be undertaken through advocacy and enhancing understanding of the commercial laws by the business sector.

Other trade-related policies linked to productive sector development (discussed below) would need to be developed to complement the trade policy and enhance the enabling policy environment for production-cum-trade development. These include services sector policies, industrial policies linked with small and medium-sized enterprise development, agricultural policies, TBT and SPS measures and trade-related aspects of intellectual property rights which are important in building of productive capabilities.

In support of such an approach focused on economic and trade sectors, ODA, especially through Aid for Trade – i.e. aid that is devoted specifically to building up the trade sector – should be strengthened. Trade policy regimes and associated programmes deserve support over the medium term (rather than the short term) to build up a robust enabling policy framework for encouraging production, competiveness and contributing to raising job and incomes and alleviating poverty alleviation.

D. Further improvement of market access and entry opportunities in developed country markets as well as in South–South markets

As LDCs undertake structural changes toward value addition and diversification, market access and entry issues affecting their products remain important in their traditional markets and in new markets, including in emerging economies of the South. Market access conditions for LDCs have improved over the years through provision of trade preferences by both developed and developing countries, and from tariffs being reduced through multilateral and regional agreements and autonomous actions. LDCs benefit from preferential trade access for most of their key labour-intensive exports (agricultural goods, clothing and textiles). The situation remains mixed for textiles and clothing, with average tariffs remaining high for Asian LDCs.

In 2007, duty-free quota-free tariff line coverage for LDCs was 99.0 in Canada, 99.4 per cent in the EU, 98.0 in Japan and 84.1 in the United States. The United States coverage is relatively low because its Generalized System of Preference excludes apparels, intensively exported by Asian LDCs. Consequently, Asian LDCs face high average tariffs in the American market – 10.4 for Bangladesh and 12.5 for Cambodia. When measured in import value terms, the coverage is 96.0 in Canada, 99.0 in the EU, 99.0 in Japan and 71.8 in the United States. The proportion of imports actually receiving duty-free quota-free treatment could be lower if preference utilization is taken into account. The utilization rate in the EU, for instance, is estimated at 70–80.[17] Thus, further improvements to preference schemes can be undertaken.

Non-tariff measures are emerging as more significant barriers to exports from LDCs. Non-tariff measures can include rules of origin, TBT and SPS measures, domestic content requirements, as well as environmental standards. Important market access barriers also affect services exports of LDCs. Market access and entry issue for LDCs' exports of agriculture, manufactures and services deserve serious attention at regional and international levels. Important actions in this regard include

- In the context of the WTO Doha Round, members could achieve an "early harvest" of outcomes on areas of the Doha negotiations of key commercial and developmental interest for LDCs. This includes in particular implementation of Decision 36 of Annex F of the Hong Kong (China) Sixth WTO Ministerial Declaration. This calls for the implementation of duty-free and quota-free market access for LDCs by developed countries and developing countries in a position to do so. Product coverage of current preferential schemes for LDCs can be usefully expanded, in realizing fuller duty-free and quota-free market access. Preferential rules of origin on products of particular export interest to LDCs, such as apparel products, processed food and fish products, could be improved to make them simpler and more realistic, so as to tailor them to productive capacities of LDCs. In addition, preferential trade schemes should be intertwined with institutional and productive capacity-building Aid for Trade programmes, provided by preference-providers, to enable LDCs to make effective use of the trade preferences.

- Other trade negotiation issues of concern to LDCs in the WTO Doha Round which need addressing with practical solutions include (a) erosion of preferences (e.g. through adjustment support); (b) an ambitious, expeditious and specific outcome for cotton trade-related aspects, in particular the elimination of trade distorting domestic support measures and export subsidies and granting duty-free and quota-free market access for cotton and cotton by-products originating from LDCs; (c) provision of commercially meaningful market access in GATS Mode 4 (movement of natural persons supplying services); (d) developing an appropriate mechanism for achieving full implementation of Article IV:3 of the GATS and facilitating effective access of LDCs' services and service suppliers to foreign markets; (e) a waiver decision on preferential and more favourable treatment to services and services suppliers of LDCs; (f) strengthened, operational and effective special and differential treatment provisions for LDCs; and facilitating accession of LDCs to the WTO on terms consistent with their development level.

- With regard to non-tariff barriers, the international community could bring more transparency to such measures and address them. These could be done within the context of WTO, regional economic integration agreements, and other cooperative arrangements such as through UNCTAD's multi-agency initiative on identifying, and classifying non-tariff measures or its Consultative Task Force on Environmental Requirements Affecting Developing Countries.
- Improving regional integration and South–South cooperation and enhancing effective and greater participation of LDCs so that they derive economic benefits from South–South trade when there is deeper integration, particularly among neighboring countries, including by paying more attention on full liberalization of services, especially granting LDCs market access in Mode 4.

A key concern in any trade negotiations for LDCs is that market access alone is not sufficient to stimulate trade growth – such access has to be accompanied with supply-side enhancement initiatives for LDCs to effectively take advantage of the opportunities. LDCs' trading partners should consider providing as a package, market access and supply and related trade infrastructure capacity building provisions to LDCs in any trade agreements.

V. CONCLUSION

International trade plays an increasingly important role in LDCs' development. However, the potential development gains that LDCs can realize from trade are not fully exploited due to weak policy, institutional, regulatory and supply capacities, as well as slow progress in full operationalization of international support measures and provision and enhancement of market access conditions and removal of market entry barriers especially non-tariff ones. Increased participation in international trade would come from growing sustainable and diversified quality products and services for trading locally, regionally and internationally, and contributing to creating jobs, increasing incomes, improving living standards, and building economic resilient bases for LDCs' beneficial integration into the global economy.

Fundamental structural changes are necessary for LDCs, with international support and enabling economic conditions, to build sustainable and dynamic trade growth. Any programme of action for LDCs for the decade 2011–2020 should support such transformation. Making trade more development-transmitting, multiplying and inclusive for LDCs should constitute a guiding principle and goal for the next decade. The priorities in this regard include:

(a) Integration of trade policy priorities and measures LDCs development strategies;

(b) Pursuing diversification into non-traditional product and services sectors, including in new and dynamic sectors, supported by coherent and integrated trade, industrial, technological and other policies and measures at national, regional and international level;

(c) Increasing and improving LDCs' effective participation in international trade in services and in services sector development;

(d) Effectively addressing non-tariff barriers affecting exports of LDCs;

(e) Improving further market access conditions for exports of LDCs at multilateral and regional levels; and

(f) Increasing Aid for Trade support towards LDCs in building up their productive capabilities, trade–related infrastructure and trade policy, regulatory and institutional capacities.

ANNEX TABLES

Annex table 1. LDCs' exports value (millions of United States dollars) and share (percentage) in world exports of apparel and clothing (HS 61 and 62), 2001–2008

HS Chapter		2001	2002	2003	2004	2005	2006	2007	2008
61	World	88,889	91,895	103,504	116,076	123,866	135,297	151,183	161,286
	LDCs	4,191	4,338	5,331	6,681	6,836	8,854	9,882	11,590
	LDCs share	4.7	4.7	5.2	5.8	5.5	6.5	6.5	7.2
62	World	107,244	109,630	122,663	135,319	145,231	154,664	166,512	173,329
	LDCs	4,736	4,479	5,334	6,222	6,047	7,186	7,481	8,302
	LDCs Share	4.4	4.1	4.3	4.6	4.2	4.6	4.5	4.8

Source: UNCTAD GlobStat database.

Annex table 2. Individual LDCs' exports of clothing (HS 61, 62 and 63) to the United States, 2001–2008 (thousands of United States dollars)

Country Name	2001	2006	2007	2008
Afghanistan	---	13	21	31
Angola	---	---	---	---
Bangladesh	2,145,600	3,107,092	3,276,104	3,680,228
Benin	2	1		3
Bhutan	920	18	3	19
Burkina Faso	9	13	0	30
Burundi	0	---	---	---
Cambodia	984,362	2,280,488	2,564,546	2,512,906
Cape Verde	1,273	1	---	16
Central African Republic	133	2	---	---
Chad	---	5	---	---
Comoros	---	21	213	---
Congo, Dem. Rep.	7	5	37	45
Djibouti	---	1	---	---
Equatorial Guinea	---	---	---	0
Eritrea	1	8	---	---
Ethiopia	565	6,332	5,329	10,589
Gambia, The	27	22	21	58
Guinea	36	13	23	35
Guinea-Bissau	---	---	---	6
Haiti	238,857	458,583	460,551	422,368
Kiribati	---	---	---	---
Lao People's Democratic Republic	3,807	8,561	11,408	31,825
Lesotho	223,549	407,289	402,337	358,821
Liberia	4	117	4	3
Madagascar	188,137	253,794	306,904	294,771
Malawi	11,656	18,882	20,587	13,187
Maldives	101,370	1	---	4

Annex table 2. Individual LDCs' exports of clothing (HS 61, 62 and 63) to the United States, 2001–2008 (thousands of United States dollars) (cont.)

Country Name	2001	2006	2007	2008
Mali	118	63	77	104
Mauritania	1	1	16	12
Mozambique	192	735	168	---
Myanmar	437,315	---	---	---
Nepal	168,733	56,776	36,554	22,599
Niger	52	173	77	31
Rwanda		1	7	26
Samoa	757	1	47	4
Sao Tome and Principe	---	---	14	---
Senegal	52	130	119	426
Sierra Leone	1,318	593	280	212
Solomon Islands	15	2	---	---
Somalia	73	3	9	14
Sudan	---	---	---	---
Tanzania, United Republic of	11	3,142	2,966	1,579
Togo	4	15	37	15
Uganda	14	1,340	1,198	435
Vanuatu	---	---	----	---
Yemen	16	12	10	7
Zambia	238	44	46	32
Total All LDCs	**4,509,224**	**6,604,295**	**7,089,712**	**7,350,442**

Source: UNCOMTRADE based on Mirror trade.

Annex table 3. Individual LDCs' exports of clothing (HS 61, 62 and 63) to EU, 2001-2008 (thousands of United States dollars)

Country Name	2001	2006	2007	2008
Afghanistan	111	93	142	134
Angola	28	43	80	52
Bangladesh	2,594,387	6,017,641	6,332,496	7,301,501
Benin	40	26	17	42
Bhutan	14	3	1	2
Burkina Faso	72	589	63	21
Burundi	72	143	17	77
Cambodia	354,727	695,349	726,144	815,336
Cape Verde	3,362	6,010	6,708	6,612
Central African Republic	154	0	32	348
Chad	51	12	1	826
Comoros	8	2	102	0
Congo, Dem. Rep.	5	125	94	84
Djibouti	263	485	569	552
Equatorial Guinea			362	1
Eritrea	116	1,058	1,609	1,892
Ethiopia	479	6,973	8,308	7,693
Gambia, The	112	371	432	187
Guinea	6	3	68	9
Guinea-Bissau	0	---	0	9
Haiti	889	12,413	21,805	19,312
Kiribati	25	78	1	19
Lao People's Democratic Republic	117,459	155,528	148,857	163,762
Lesotho	3,373	1,077	2,330	2,734
Liberia	76	150	344	1
Madagascar	240,442	293,223	343,404	324,205
Malawi	565	45	117	14
Maldives	17,880	10	22	8

Annex table 3. Individual LDCs' exports of clothing (HS 61, 62 and 63) to EU, 2001-2008 (thousands of United States dollars) (cont.)

Country Name	2001	2006	2007	2008
Mali	355	88	780	273
Mauritania	1,319	1,287	527	1,106
Mozambique	1,374	106	41	93
Myanmar	351,008	267,016	220,522	216,360
Nepal	24,693	33,578	37,758	45,914
Niger	797	174	38	67
Rwanda	14	31	12	1
Samoa	438	4	---	---
Sao Tome and Principe	6		5	
Senegal	493	1,101	991	514
Sierra Leone	363	356	502	196
Solomon Islands	13	2	---	2
Somalia	1	1	232	10
Sudan	198	62	2	19
Tanzania, United Republic of	1,821	3,231	2,118	1,648
Togo	137	114	87	82
Tuvalu	18	---	---	9
Uganda	47	6	85	27
Vanuatu	---	7	---	2
Yemen	25	181	60	15
Zambia	72	44	86	52
Total ALL LDCs	**3,717,912**	**7,498,839**	**7,857,969**	**8,911,825**

Source: UNCOMTRADE based on Mirror trade.

Annex table 4. LDCs total merchandise trade in intra-GSTP trade, 2007

Country Name	Imports from other GSTP countries ($ thousands)	Exports to other GSTP countries ($ thousands)	Trade Balance
Argentina	19,619,929	26,633,054	7,013,126
Benin	388,575	199,470	-189,104
Bangladesh	6,392,304	837,244	-5,555,060
Bolivia, Plurinational State of	2,052,734	3,137,170	1,084,437
Brazil	39,648,506	48,622,691	8,974,185
Chile	18,366,925	17,504,593	-862,332
Cameroon	1,349,383	106,291	-1,243,092
Colombia	12,121,509	9,523,623	-2,597,886
Cuba	1,308,693	616,219	-692,474
Algeria	4,198,072	6,218,684	2,020,612
Ecuador	6,166,387	3,817,811	-2,348,577
Egypt	3,647,211	3,589,897	-57,314
Ghana	1,446,056	342,546	-1,103,510
Guinea	150,910	461,008	310,097
Guyana	361,007	62,822	-298,185
Indonesia	30,287,472	40,326,305	10,038,834
India	60,733,834	34,494,444	-26,239,390
Iran, Islamic Republic of	2,385,223	17,704,015	15,318,792
Iraq	1,697,081	7,455,297	5,758,216
Korea, Republic of	60,238,969	73,959,368	13,720,399
Libyan Arab Jamahiriya	2,206,449	1,890,233	-316,216
Sri Lanka	5,119,777	1,547,303	-3,572,473
Morocco	4,606,529	1,841,037	-2,765,492
Mexico	39,377,838	14,577,057	-24,800,781
Myanmar	1,688,228	4,312,501	2,624,273
Mozambique	414,687	111,922	-302,765
Malaysia	49,637,930	63,761,570	14,123,640
Nigeria	5,999,476	13,864,963	7,865,487

Annex table 4. LDCs total merchandise trade in intra-GSTP trade, 2007 (cont.)

Country Name	Imports from other GSTP countries ($US'000)	Exports to other GSTP countries ($US'000)	Trade Balance
Nicaragua	1,146,376	75,704	-1,070,673
Pakistan	6,431,073	2,220,092	-4,210,981
Peru	9,142,518	6,453,118	-2,689,401
Philippines	18,580,638	10,578,889	-8,001,749
Korea, Democratic People’s Republic of	1,136,231	569,311	-566,920
Sudan	1,289,904	187,925	-1,101,978
Singapore	88,346,795	121,560,160	33,213,366
Thailand	35,404,505	44,122,039	8,717,534
Trinidad and Tobago	2,581,889	1,073,304	-1,508,584
Tunisia	2,353,534	1,710,864	-642,670
Tanzania, United Republic of	1,394,788	203,113	-1,191,675
Venezuela, Bolivarian Republic of	12,011,846	3,594,911	-8,416,935
Viet Nam	24,023,063	9,364,344	-14,658,720
Zimbabwe	289,412	536,962	247,550
Total GSTP	**585,744,266**	**599,769,874**	

Source: UNCTAD South-South Trade database.

NOTES

1 See Report of the Third United Nations Conference on the Least Developed Countries. A/CONF.191/13.

2 UNDESA, World Economic Situation and Prospects 2010.

3 UNCTAD (2009). Evolution of the international trading system and of international trade from a development perspective: Impact of the crisis. TD/B/56/7. Geneva. 6 July.

4 The Impact of the Financial Crisis on Least Developed Countries. WT/COMTD/LDC/W/46.

5 MF (2009). World Economic Outlook Database, October.

6 UNCTAD (2009). Contribution of migrants to development: trade, investment and development linkages. UNCTAD/DITC/TNCD/2009/2. Geneva. 29 July.

7 Angola, Chad, Equatorial Guinea, Sudan, Yemen (oil); Democratic Republic of the Congo, Mozambique, Mauritania, and Zambia (minerals).

8 UNCTAD Globstat.

9 UNCTAD National Services Policy Review for Uganda (2009).

10 UNCTAD (2010). The contribution of tourism to trade and development. TD/B/C.I/8. 10 February.

11 For further discussion see UNCTAD (2010). Services, development and trade: the regulatory and institutional dimension. TD/B/C.I/MEM.3/5. 6 January.

12 Benin, Bangladesh, Guinea, Myanmar, Mozambique, Sudan and the United Republic of Tanzania.

13 UNCTAD (1998). Least Developed Countries Report, 1998. United Nations publication. Sales No. E.98.II.D.2. New York and Geneva.

14 UNCTAD (2008). Handbook of statistics 2008. United Nations publication. Sales No. E/F.08.II.D.18. New York and Geneva.

15. For discussion, see for example “Evolution of the international trading system and of international trade from a development perspective: Impact of the crisis” (TD/B/56/7), and “International trade and development”. A/64/177.

16 Trade policy measures affecting exports and imports include (a) tariffs (import duties) – bound and applied rates for WTO members – for agricultural and industrial productions (and which comprise the common external tariff

for members of regional customs union); (b) trade preferences; (c) import and export prohibitions (or bans), restrictions and licence requirements; (d) export incentives, duty draw-back scheme; (e) excise duty; (f) value added tax; (g) preferential (e.g. with regional trade agreements) and non-preferential (for most favoured nation trade) rules of origin; (h) exchange controls; (i) contingency measures (safeguards, anti-dumping and countervailing); (j) subsidies; (k) environmental measures (often voluntary and private); and (l) services regulations affecting services imports.

17 TD/B/56/7.