UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Technical and statistical report

Trade Preferences Outlook 2025

Navigating in times of uncertainty

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Abbreviations and acronyms

ACP	Africa, Caribbean and Pacific
AGOA	African Growth and Opportunity Act
AVE	ad valorem equivalent
CBI	Caribbean Basin Initiative
DCTS	Developing Countries Trading Scheme
DFQF	duty-free quota-free
EBA	Everything but Arms
ECA	Economic Commission for Africa
EIU	Economist Intelligence Unit
ESCAP	Economic and Social Commission for Asia and Pacific
FDI	Foreign Direct Investment
FTA	free trade agreement
GPT	General Preferential Tariff
GPTP	General Preferential Tariff Plus
GSP	Generalized System of Preferences
GSP+	Generalized System of Preferences Plus
GSTP	Global System of Trade Preferences among developing countries
HELP	Hemispheric Opportunity through Partnership Enhancement for Haitian Prosperity
HOPE	Haiti Economic Lift Program
LDC	least developed country
LIC	low income country
LMIC	lower middle-income country
MFN	most-favoured nation
NRTP	non-reciprocal trade preference
PPP	purchasing power parity
RoO	rules of origin
TINA	Trade Intelligence and Negotiation Advisor
TUI	Trade Uncertainty Index
UMIC	upper middle-income country
USITC	United States International Trade Commission
WITS	World Integrated Trade Solution
WTO	World Trade Organization

Executive summary

Non-reciprocal trade preferences (NRTPs) have long been a cornerstone of export-led growth, industrialization, and poverty reduction in developing economies, particularly least-developed countries (LDCs). By offering duty-free or duty-light access to advanced markets, these schemes – such as the Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), or the Everything-but-Arms (EBA) initiative, among others – have contributed to developing countries' export expansion and integrating into global value chains.

The stability and predictability of NRTPs, however, have come under threat. A global shift toward economic fragmentation and protectionism has undermined trade predictability. Global policy uncertainty has curtailed export growth, discouraged investment, and disrupted participation in global supply chains, particularly for countries heavily reliant on preferential market access under NRTPs.

The combined effects of global uncertainty and the increasing use of unilateral tariffs are increasing trade costs, particularly for LDCs and vulnerable economies that have leveraged NRTPs to expand exports. When faced with abrupt changes to preferential market access, past examples suggest that these countries may face significant export losses (Chapter I). The damage may be extensive, particularly to countries that export manufactured goods rather than raw commodities, and those that lose all preferential market access available to LDCs as a result of their "graduation" (Chapter II).

Given the impacts on trade of preference-dependent countries, any policy changes to NRTPs must be gradual. Changes to preferential market access should follow a transition period and economic support, to ensure that preference-receiving countries preserve the trade relationships, production capacities, and investment flows nurtured under NRTPs. For such support to achieve maximum effect, open discussion at the global level on the future of NRTPs and coordination among all preference-granting and preference-beneficiary economies would be necessary (Chapter III).

Notes

References to Latin America include the Caribbean countries, unless otherwise indicated.

References to sub–Saharan Africa include South Africa, unless otherwise indicated.

References to the United States are to the United States of America, and to the United Kingdom are to the United Kingdom of Great Britain and Northern Ireland.

The term “dollars” ($) refers to United States dollars, unless otherwise indicated.

The term “billion” signifies 1,000 million.

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Introduction

The global economic landscape is increasingly marked by rising trade policy uncertainty, driven by intensifying geopolitical tensions, economic fragmentation, and the proliferation of high tariffs in major markets.[1] This climate of unpredictability poses a significant threat to trade conducted under non-reciprocal trade preferences (NRTPs).

Since the 1970s, NRTPs have provided many developing countries with preferential market access to advanced economies through zero or reduced tariffs. These preferences have enabled eligible developing countries to expand exports and participate in global value chains, though to varying degrees.

Today, the NRTP framework is under strain. Beneficiary countries face a dual shock: escalating global policy uncertainty and the erosion of preferential market access resulting from the non-renewal of several NRTP programmes.

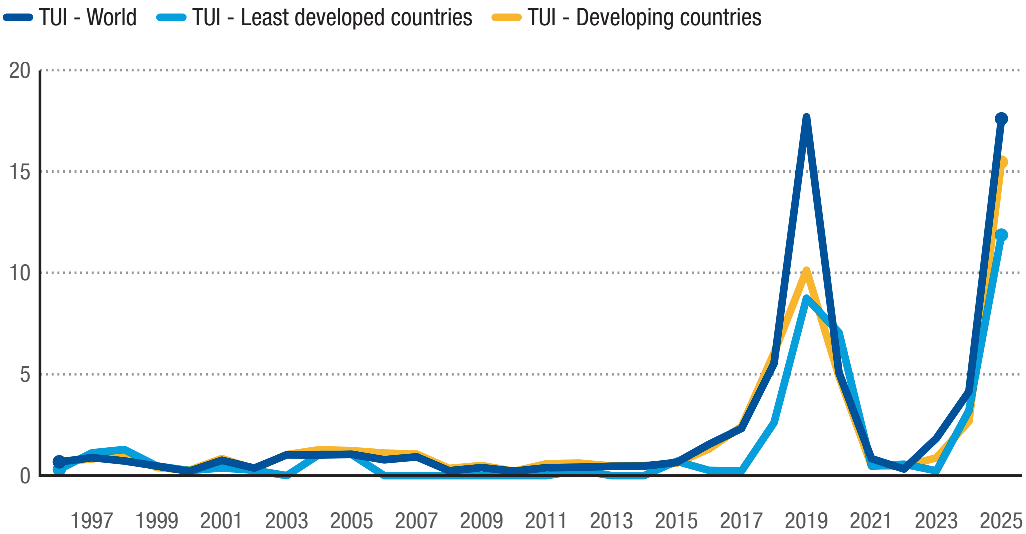
The trade policy environment has grown markedly more volatile since the mid-2010s. Beginning around 2015, global trade uncertainty surged, fuelled by escalating trade tensions, such as the Brexit process and the adoption of new industrial policies in leading economies. The Trade Uncertainty Index (TUI) spiked globally, with rapid spillovers to developing countries and LDCs (Figure 1).

Uncertainty is inherently detrimental to business, trade, and investment. It raises costs and compels firms to hold excess inventories, hedge against risks, and reconfigure supply chains. It also undermines financial stability by unsettling exchange rates and eroding investor confidence.

Figure 1.

Global economic uncertainty has a lagged impact on least developed countries.

Trade Uncertainty Index by development status, 1996–2025



Source: UNCTAD calculations based on UNCTADStat and World Uncertainty Indicators computed by Hites Ahir, Prof. Nicholas Bloom and Davide Furceri.
Note: Indices are developed based on a methodology described in Ahir, et al. (2022). The indicator counts the number of times "uncertainty" is mentioned near trade-related words in Economist Intelligence Unit (EIU) country reports. Both World, developing countries and LDC averages are simple (unweighted) averages based on available country figures. The 2025 figure for TUI includes the extrapolation of the first quarter figure to the whole year.

[1] See UNCTAD (2025), Global Trade Update (September 2025): Trade policy uncertainty looms over global markets, UNCTAD/DITC/INF/2025/7.

In 2025, trade policy uncertainty reached new heights as geopolitical frictions deepened. Regarding NRTPs, two major programmes of the United States — the Africa Growth and Opportunity Act (AGOA) and the Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II) and the Haiti Economic Lift Program (HELP) for Haiti — expired in September 2025, directly affecting many LDCs and sub-Saharan African nations. The expiration was compounded by the imposition of the so-called "reciprocal tariffs", which raised tariffs on many developing country exports above pre-existing most favoured nation (MFN) tariff rates.

Historical patterns suggest a strong inverse relationship between trade policy uncertainty and trade growth of non-oil-exporting LDCs. Over the past 45 years, LDC merchandise exports grew annually by 7.6 per cent when global trade policy uncertainty was low (Figure 2). In contrast, when trade policy uncertainty was high, export growth slowed sharply to 2.4 per cent per year.

The combined effects of global uncertainty and sudden tariff hikes are likely to impose substantial trade costs on LDCs and other vulnerable economies that have relied on NRTPs to expand exports. Against this backdrop, the Trade Preference Outlook 2025 addresses the following questions:

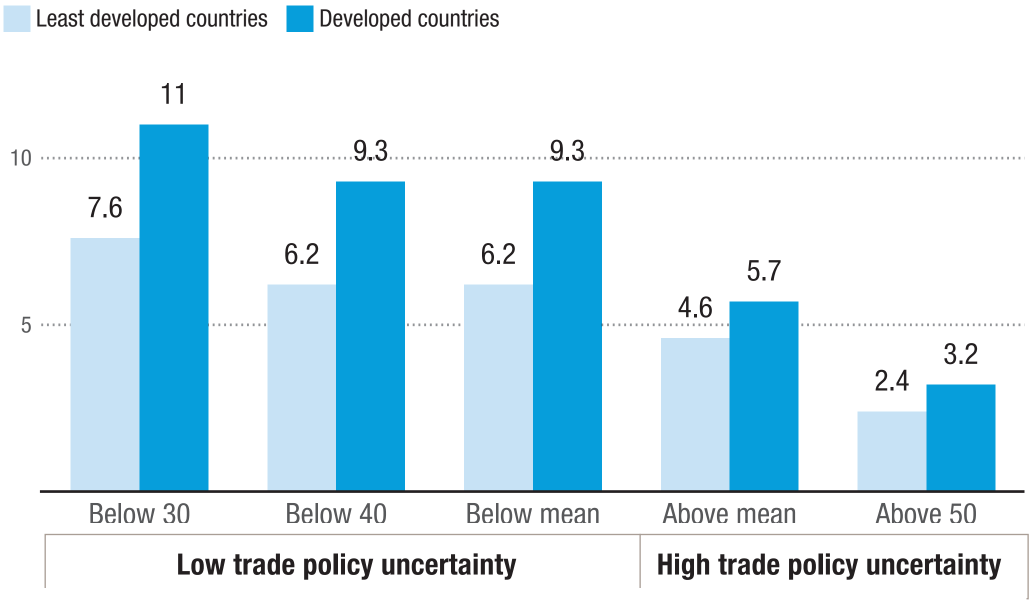
- What are the trade impacts of changes and uncertainty in preferential market access to preference-receiving developing countries and LDCs?
- What are the factors that influence such trade impacts?
- How can preferential market access be shaped for developing countries and LDCs to foster a more stable development path?

The report is structured as follows: Chapter I reviews the uncertainty inherent to NRTPs and past examples of abrupt NRTP termination. Chapter II assesses the possible trade impact of recent and upcoming NRTP termination. Chapter III discusses concrete policy options for shaping the future of NRTPs so that preference-receiving developing countries and LDCs can foster sustained and inclusive growth and economic diversification through stable, predictable and favourable market access conditions. The final section concludes.

Figure 2.

Exports slowed down in periods of high trade policy certainty.

Average annual growth rate of exports at different uncertainty levels, 1980–2024
(Per cent)



Source: UNCTAD calculations based on Trade Policy Uncertainty Index developed by Caldara D, Lacoviello M, Molligo P, Prestipino A, and Raffo A (2020) and UNCTADStat.
Note: Trade Policy Uncertainty Index is based on newspaper articles on trade policy and the rise in the index indicates deteriorating general sentiment on trade policy developments.

Chapter I.

Trade preferences and uncertainty

Non-reciprocal trade preferences, like the Generalized System of Preferences (GSP), have long provided a critical export avenue for developing countries, particularly LDCs. Recently, the stability of NRTPs, particularly those in the United States, has come under threat with the expiration and non-renewal of major schemes such as the GSP and the AGOA. Past experiences show a significant adverse effect from the loss of tariff preferences.

Non-reciprocal trade preferences have been a cornerstone of international efforts to support developing countries' exports since the 1970s. The GSP, established in 1971 under the auspices of UNCTAD, remains the most prominent example.[2] The GSP was designed to stimulate industrialization in developing economies by promoting mainly manufactured exports through preferential access to large developed markets.

In parallel, tariff preferences specifically for LDCs, often in the form of duty-free and quota-free (DFQF) market access, have become another key feature of the global trade architecture. NRTPs to LDCs have been granted by developed economies, as well as several developing countries "in a position to do so."[3] Together, these arrangements have played a vital role in integrating these economies, into global trade.

Today, NRTPs are implemented in 25 markets –16 developed and 9 developing economies – that offer preferential access to LDCs (Annex 1). These markets remain the major destinations for LDC exports. In 2024, approximately 70 per cent of total LDC exports were destined to these 25 markets. China alone accounted for 22 per cent of LDC exports, followed by the European Union (17 per cent), the United States (8 per cent) and India (6 per cent) (Table 1).

Table 1.
Preference granting markets account for a significant share of least developed country exports

Share of major markets in LDC exports, 2024
(Per cent of total exports)

	Canada and Japan	China	European Union	India	United States	Other NRTP-granting developed countries	Other NRTP-granting developing countries
Afghanistan	0.59	2.86	3.28	40.75	1.38	6.39	0.86
Angola	1.87	43.23	14.86	10.79	5.05	2.11	1.14
Bangladesh	5.82	1.88	46.64	3.61	16.15	14.74	2.11
Benin	0.21	7.15	3.05	14.07	0.59	1.08	0.18
Burkina Faso	0.53	0.72	2.65	1.72	0.21	58.4	0.27
Burundi	1.77	8.25	9.64	0.78	1.08	3.61	0.11
Cambodia	9.31	6.21	18.12	0.40	33.48	6.81	4.65
Central African Republic	0.44	11.57	10.42	0.59	0.76	3.10	1.03
Chad	0.00	12.45	39.66	0.39	1.75	3.91	8.35

[2] See UNCTAD GSP website.
[3] See WTO (2013), Ministerial decision on duty-free and quota-free market access for least developed countries, WT/MIN(13)/44, WT/L/919, Bali, December.

	Canada and Japan	China	European Union	India	United States	Other NRTP-granting developed countries	Other NRTP-granting developing countries
Comoros	0.66	0.15	31.71	24.37	7.32	15.23	0.56
Democratic Republic of the Congo	0.30	63.00	2.59	0.77	0.52	1.14	1.91
Djibouti	0.57	0.96	6.12	0.3	2.66	0.27	0.07
Eritrea	0.00	67.41	1.91	0.07	0.09	0.27	15.31
Ethiopia	4.00	7.44	19.91	2.43	10.22	6.30	4.03
Gambia	0.24	25.33	15.13	19.44	0.70	3.42	7.86
Guinea	0.47	29.98	4.81	9.70	0.07	1.35	0.38
Guinea-Bissau	0.01	14.17	7.36	33.32	0.00	0.09	0.68
Haiti	5.15	0.75	4.04	1.12	76.57	1.40	1.57
Kiribati	5.77	0.00	0.19	0.01	1.15	0.41	61.49
Lao People's Democratic Republic	1.60	36.87	4.29	1.56	3.86	5.64	24.53
Lesotho	0.70	1.17	28.77	1.11	23.73	0.87	0.09
Liberia	2.17	3.73	25.18	0.55	3.20	41.99	2.98
Madagascar	11.05	10.47	29.91	5.68	14.15	2.81	11.9
Malawi	0.11	0.51	9.65	1.43	3.57	6.90	0.23
Mali	0.12	0.84	1.02	1.10	0.20	13.39	0.28
Mauritania	22.15	25.34	14.82	0.25	0.08	15.07	0.73
Mozambique	0.60	19.65	13.17	16.34	1.65	2.43	11.67
Myanmar	7.12	28.57	18.00	7.44	3.10	4.05	19.23
Nepal	2.06	1.78	7.30	69.78	10.03	4.49	0.58
Niger	0.50	12.14	14.85	6.21	2.19	1.43	4.81
Rwanda	0.50	6.17	7.90	1.42	1.84	4.88	2.48
Lesotho	0.70	1.17	28.77	1.11	23.73	0.87	0.09
Liberia	2.17	3.73	25.18	0.55	3.20	41.99	2.98
Madagascar	11.05	10.47	29.91	5.68	14.15	2.81	11.9
Malawi	0.11	0.51	9.65	1.43	3.57	6.90	0.23
Mali	0.12	0.84	1.02	1.10	0.20	13.39	0.28
Mauritania	22.15	25.34	14.82	0.25	0.08	15.07	0.73
Mozambique	0.60	19.65	13.17	16.34	1.65	2.43	11.67
Myanmar	7.12	28.57	18.00	7.44	3.10	4.05	19.23
Nepal	2.06	1.78	7.30	69.78	10.03	4.49	0.58
Niger	0.50	12.14	14.85	6.21	2.19	1.43	4.81
Rwanda	0.50	6.17	7.90	1.42	1.84	4.88	2.48
Senegal	0.41	10.76	13.01	8.73	3.29	16.06	1.04
Sierra Leone	3.33	48.07	22.18	1.86	2.68	2.98	2.20
Solomon Islands	0.08	55.49	18.15	0.86	0.20	17.16	2.28

	Canada and Japan	China	European Union	India	United States	Other NRTP-granting developed countries	Other NRTP-granting developing countries
Somalia	1.60	0.70	3.20	7.11	0.58	4.83	0.68
South Sudan	9.18	43.09	22.25	0.24	0.01	0.16	0.01
Sudan	0.09	11.19	1.66	2.99	0.55	2.84	0.07
Timor-Leste	8.46	12.27	4.69	0.19	6.83	9.40	37.27
Togo	0.76	3.72	5.93	17.71	2.33	1.89	0.68
Tuvalu	0.70	0.02	8.64	0.00	3.39	1.14	26.19
Uganda	0.44	1.00	9.90	6.82	1.47	39.19	0.55
United Republic of Tanzania	1.07	4.37	6.36	23.03	1.81	3.85	0.80
Yemen	0.53	28.75	8.25	8.07	1.56	3.32	16.41
Zambia	0.85	21.43	0.95	0.99	0.33	45.55	0.14
Least developed countries	3.34	21.79	17.02	5.84	7.91	9.95	4.00
Developing economies	5.16	11.97	13.08	4.06	16.11	7.36	7.84
Developing economies: **Africa**	2.40	13.05	28.99	4.47	4.68	9.09	2.39
Developing economies: **Americas**	4.08	12.95	8.70	1.70	44.02	2.86	4.02
Developing economies: **Asia and Oceania**	5.52	11.74	12.67	4.41	12.36	7.98	8.83

Source: UNCTAD calculations based on UNCTADStat.

For LDCs, NRTPs represent a critical export avenue, often determining whether firms can compete internationally. This is especially relevant for products with high applied MFN tariff rates, such as apparel, footwear and prepared foodstuff products (UNCTAD, 2024). These provisions help to level the playing field against competitors that benefit from other preferential trade arrangements (PTAs) such as free trade agreements (FTAs) with the markets concerned.

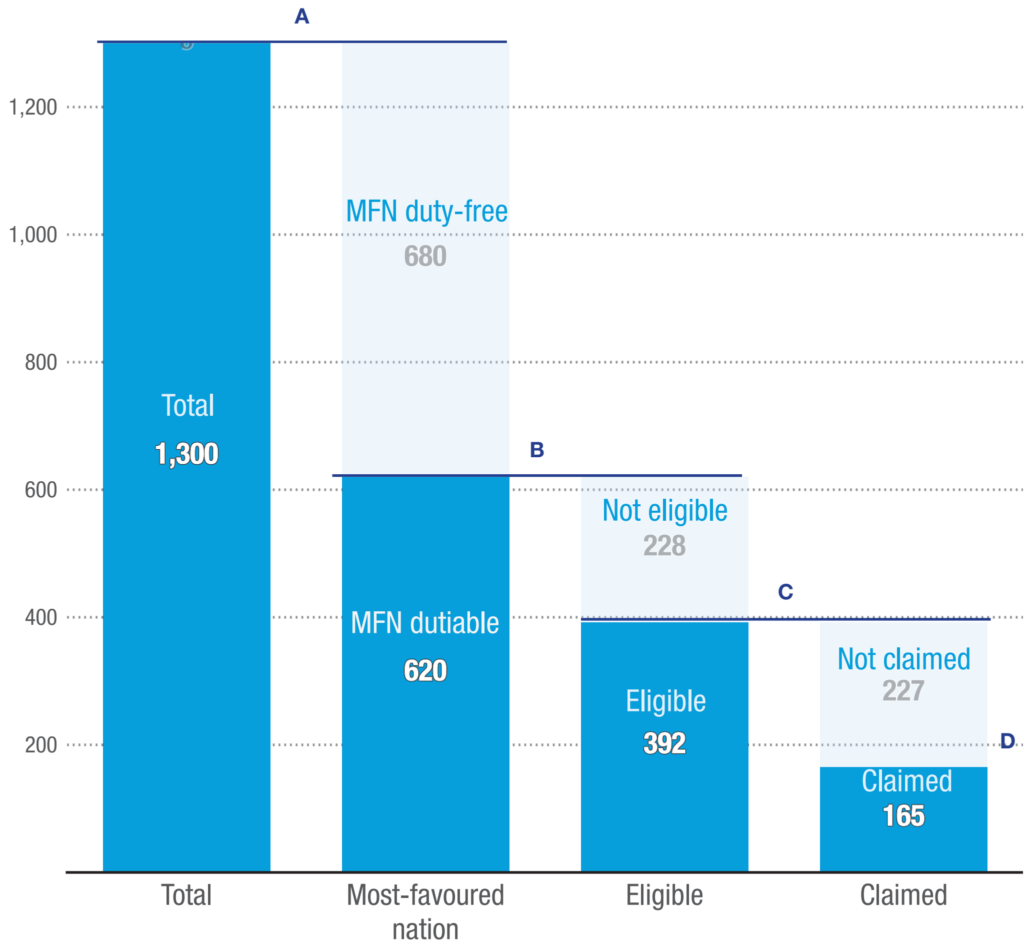
From the perspective of importing markets, however, trade under NRTPs represents only a small share of their total imports.

In 2022, the total imports of 25 markets that grant NRTPs to LDCs was approximately $1.3 trillion, of which roughly half entered duty-free under MFN tariffs (distance A B in Figure 3). Among the remaining $620 billion imports that were dutiable, $392 billion worth of imports were eligible for NRTPs, but only 42 per cent, or $165 billion worth of imports, entered the markets benefiting from non-reciprocal preferential tariffs. In other words, only about 13 per cent of total imports by preference-granting markets effectively benefited from NRTPs.

Figure 3.

Globally, 30 per cent of imports are eligible for preferential tariffs and 13 per cent received preferential treatment.

Global preferential trade under non-reciprocal trade preferences, 2022
($ billion)



Source: UNCTAD estimates based on World Trade Organization (WTO) Preferential Trade Arrangements database.
Note: WTO Preferential Trade Arrangements database provides preferential trade data for most of the NRTP programmes. As the data for some programmes are available with a delay, 2022 is chosen for consistency across these programmes.

A. Non-reciprocal trade preferences can quickly lose predictability

Recently, the stability and predictability of certain NRTPs, particularly those related to the United States market, have been under threat. Unlike negotiated and legally binding reciprocal trade agreements, NRTPs are unilateral arrangements granted at the discretion of importing countries and can be withdrawn or modified with little notice. Such decisions are often driven by domestic policy considerations, political priorities, or shifts in economic strategy within the preference-granting countries. Such uncertainty inherent in NRTPs is today compounded by the broader policy uncertainty affecting the global economy at large.

The United States has been a major provider of NRTPs through different schemes. These include: (i) "general" GSP scheme applied to 119 eligible countries and territories; (ii) special LDC preferences under GSP (GSP-LDCs) providing a larger product coverage for 45 LDCs among GSP beneficiaries; (iii) African Growth and Opportunity Act (AGOA) applicable to the 35 eligible sub-Saharan African countries; and (iv) Caribbean Basin Initiative (CBI), that covers the Caribbean Basin Economic Recovery Act (CBREA, 1984) and the Caribbean Basin Trade Partnership Act (CBTPA, 2000) for 17 and 8 Caribbean nations, respectively. There are also several other bilateral preferential programmes, such a special programme for Haiti (HOPE/HOPEII/HELP) aimed at supporting the country's apparel exports and economic growth, including in the wake of the 2010 earthquake. Among these programmes, preferences under AGOA are most significant in terms of product coverage as well as the actual utilization of preferential tariffs by the United States importers (Box 1).

As of December 2025, however, most of the United States' NRTP schemes, except for the Caribbean Basin Initiative, have expired and have not been renewed. The United States' GSP scheme, which also includes special provisions for LDCs, expired on 31 December 2020 and remains inactive. Similarly, AGOA and the HOPE/HELP programmes expired on 30 September 2025, despite repeated requests from beneficiary countries for timely renewal.[4] Their expiration and the lapse of GSP have raised the cost of imports in tariff payments by an estimated $1 billion under GSP and $560 million under AGOA, based on 2023 import values.

Lapses in the United States' GSP scheme are not uncommon: The programme has expired and been retroactively renewed 14 times since its creation in 1974. In the past, the United States Customs and Border Protection allowed importers to flag eligible goods for retroactive duty refunds once the programme resumed.[5] That option, however, remains suspended until the United States Congress reauthorizes the scheme. At the time of this report, there is no indication of imminent reauthorization.

4 As of December 2025, possible renewal of AGOA for a short duration (1-3 year) was under consideration in the United States. See https://insidetrade.com/daily-news/ways-means-approves-agoa-renewal-no-promise-administration-support

5 The magnitude of financial savings to importers is the difference between the customs payment under the MFN tariff and the payment under a preferential tariff. In 2023, United States importers could have saved an estimated $2 billion in customs duties through the use of GSP preferences, excluding imports eligible under alternative programmes such as AGOA and the CBI. Despite the scheme's expiration, importers filed GSP claims on roughly half (around $1 billion), anticipating a retroactive refund upon the scheme's renewal. The remaining half, approximately $1 billion, was not claimed.

Box 1.
The significance of the United States' Africa Growth and Opportunity Act

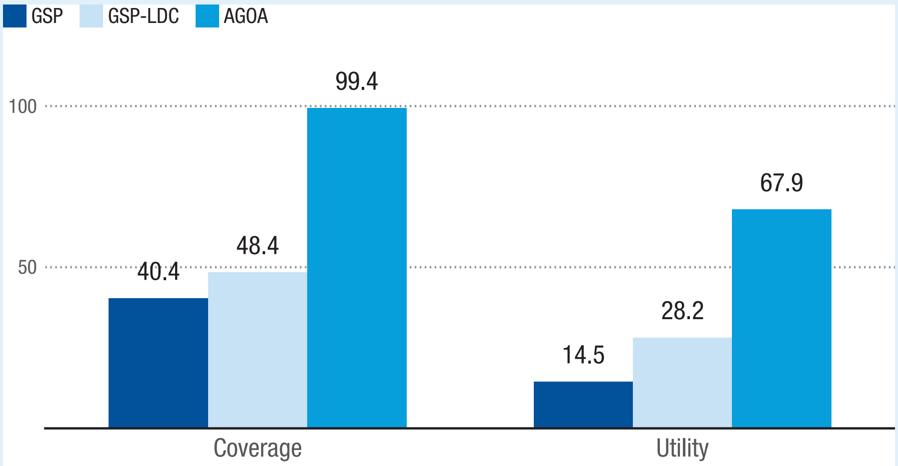
Product coverage differs significantly across the various NRTP schemes of the United States. In 2023, the product coverage of the United States GSP scheme was 41 per cent of imports that were "dutiable" under positive MFN tariff rates, while the GSP-LDC scheme covered 48 per cent. By contrast, Africa Growth and Opportunity Act (AGOA) provided duty-free market access to almost all imports from eligible countries.

Moreover, AGOA preferences were utilized by United States importers far more frequently than other NRTP schemes: in 2023, the level of utility reached 68 per cent of total dutiable imports from AGOA beneficiary countries, substantially higher than under the GSP schemes (Figure a).

Some countries showed particularly high rates of preference utility. Eleven countries recorded utility rates above 80 per cent of dutiable imports, and six—Lesotho, Kenya, United Republic of Tanzania, Madagascar, Senegal and Zambia—exceeded 90 per cent (Figure b). With the exception of Zambia, these countries also enjoyed the highest preferential tariff margins, i.e. the difference between AGOA preferential rates and MFN applied rates (Figure c).

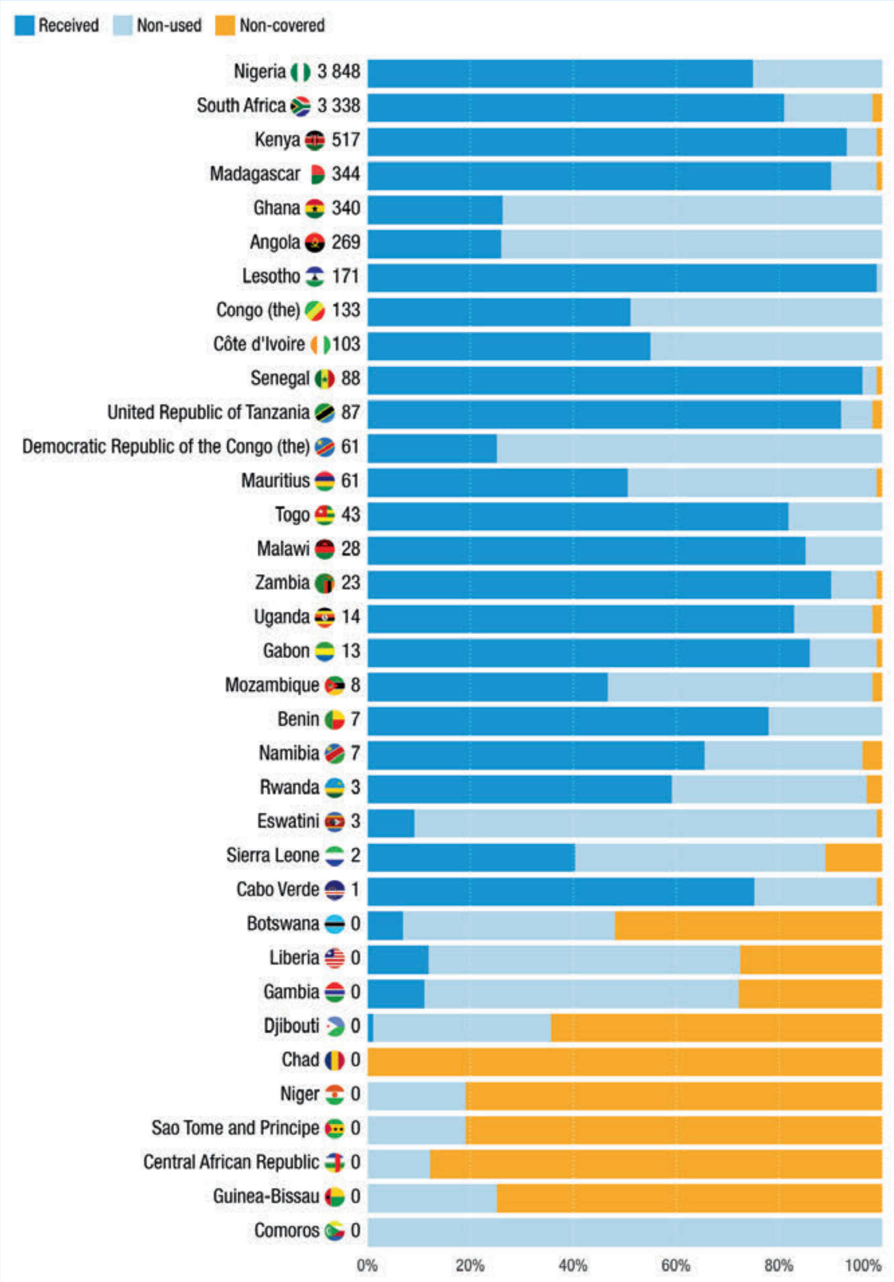
Preferential tariff margins determine the financial benefits accrued to importers. For example, an average preferential tariff margin of 20 per cent for imports from Lesotho provided United States importers with an estimated $46 million in tariff savings. Major exports from high-utilization countries were apparel products, which benefited from AGOA's "third-country fabric provision", that allowed the use of imported fabrics in duty-free apparel exports, helped mitigate supply constraints and expand production capacity.

Figure a.
AGOA provided comprehensive coverage and better usability of prefereces for recipient countries
Preference coverage and utility in the selected United States NRTP programmes, 2023
(Per cent of dutiable imports)



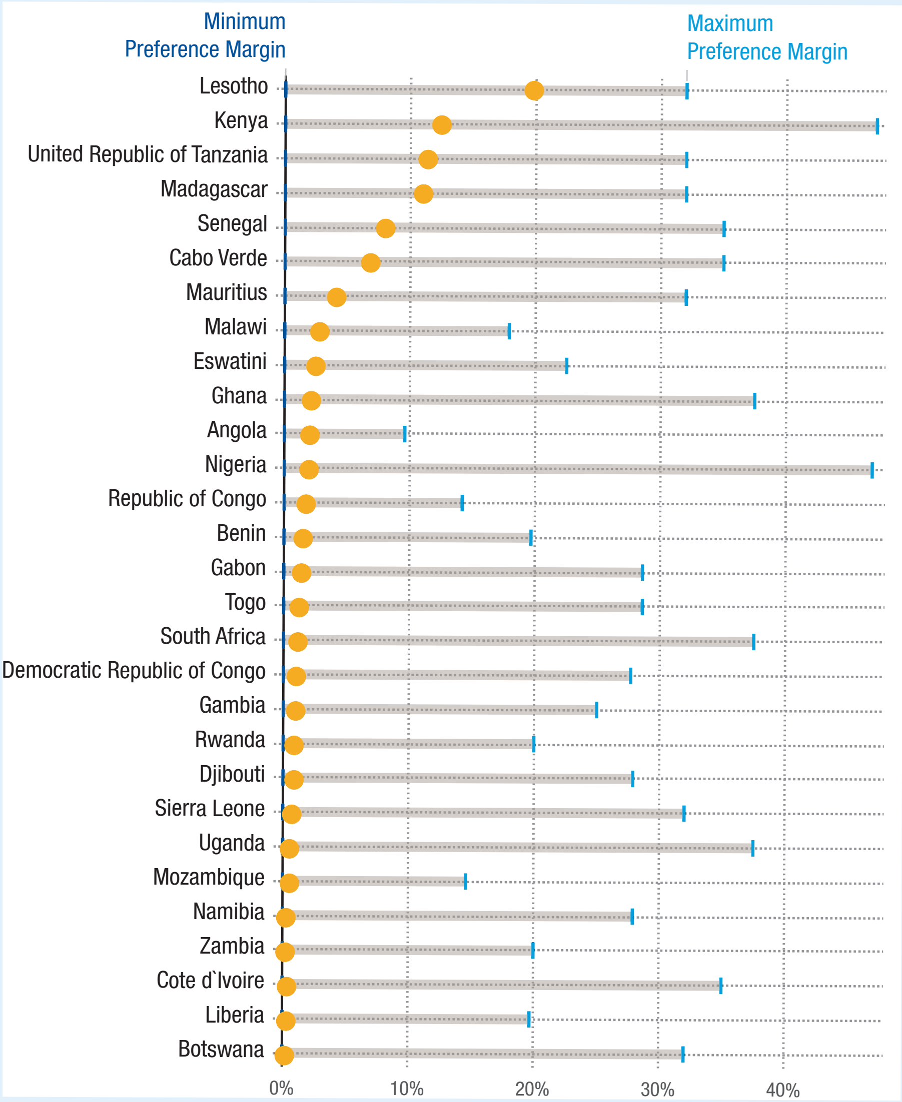
Source: UNCTAD calculations based on GSP database.
Note: Preference coverage is the share of imports that were eligible for preferences in the total "dutiable" imports of the United States in 2023. Preference utility rate is the share of imports that actually benefited from the preferential tariffs in the total "dutiable" imports from preference-beneficiary countries in 2023.

Figure b.
Use of AGOA preferences varies significantly among recipient countries
Preferential trade value and its distribution by preferential status, 2023
(Per cent of dutiable import)



Source: UNCTAD calculations based on GSP database.
Note: Countries are ordered according to their preferential trade value; Numbers next to country names are the value of preferential trade in million $.

Figure c.
Lesotho received 20 per cent tariff advantages under AGOA preferences
Minimum, maximum and average preference margins on bilateral exports, 2023
(Per cent)



Source: UNCTAD calculations based on Trade Analysis and Information System (TRAINS) in World Integrated Trade Solutions (WITS) and GSP database.
Note: Includes ad valorem equivalent (AVE) of specific tariffs.

B. Abrupt preference termination leads to export shocks

The more effective NRTP for promoting the beneficiaries' exports, the bigger the shock when preferences are abruptly terminated. Research confirms that losing preferential market access can contract the export sector and reduce investor confidence in the short term, which can slow progress toward more diverse and resilient economies in the longer term (Box 2).

However, past examples of preference termination show that the magnitude of impacts varies across countries, depending on factors such as export concentration (in products and markets), the ability to exploit alternative NRTPs, and the presence of resilient domestic supply chains. This section assesses two past cases: (i) Expiration of NRTP schemes affecting all preference-receiving countries, and (ii) country-specific exclusion from a NRTP scheme.

Box 2.
Selected research findings on the impact of preference termination

- Hakobyan A (2020) found that when the United States GSP programme expired in 2011, exports covered by the scheme fell by about 5 per cent and remained below previous levels even a year later. Losses were steeper for products with higher tariff preferences; products with tariff exemptions above 15 per cent saw export drops of up to 11 per cent.
- Edjigu H, Hakobyan A and Kassa W (2023) found that when 14 African countries lost AGOA benefits between 2001 and 2020, their exports to the United States declined by 39 per cent, roughly ten times the impact of the GSP expiry. The textiles and clothing sector was hit hardest, with export losses of up to 88 per cent.
- Britz W, Olekseyuk Z and Vogel T (2025) modelled the combined impact of GSP expiry and AGOA non-renewal. They estimated that the end of the United States GSP alone could reduce exports from beneficiary countries to the United States by 3.2 per cent (around $8.4 billion). When AGOA is also included, sub-Saharan exporters could lose nearly 4 per cent (around $1.2 billion) of their exports to the United States, with countries like Lesotho, Kenya, Mauritius, Malawi, and the United Republic of Tanzania facing the largest losses. Although some of these effects may be partially offset by trade diversion, the short-term pain for affected exporters remains significant.

Case 1. Expiration of the United States Generalized System of Preferences schemes

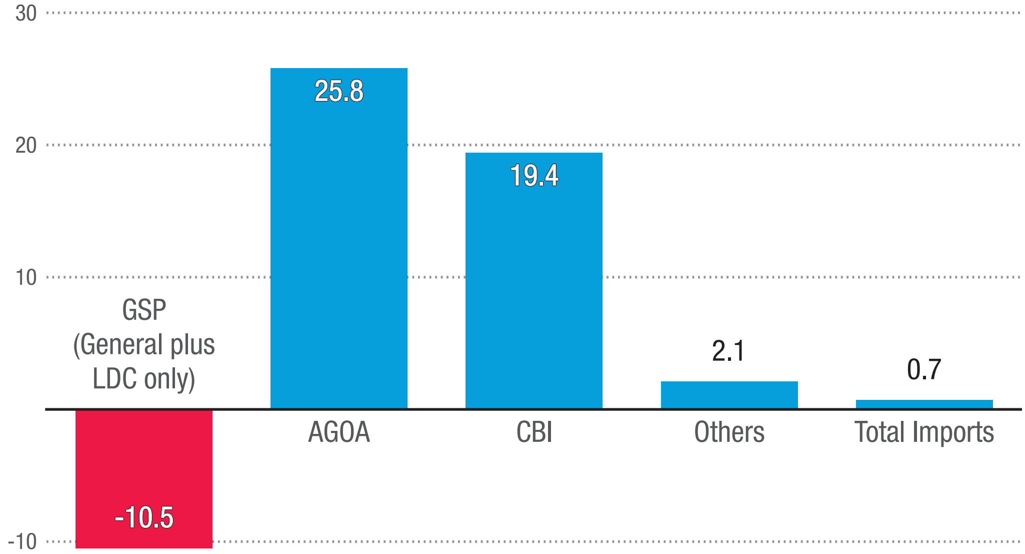
As mentioned above, the United States GSP schemes expired at the end of 2020. Because previous expirations were followed by retroactive renewals, many importers continued to file claims for preferential tariffs in anticipation of retroactive refund. However, as of December 2025, there is no clear indication that the schemes will be reactivated, and the lapse has clearly affected trade flows.

As shown in Figure 4, the United States imports from countries that are eligible for GSP preferences, but not for other United States preferential schemes, declined sharply by 11 per cent, from $22 billion to $19 billion, following the GSP expiration. In contrast, the GSP beneficiaries which were eligible for other NRTPs, namely AGOA and CBI, seem to have mitigated the impact of the GSP expiration by switching to alternative NRTPs. Imports from AGOA beneficiaries rose by 26 per cent, and those from CBI beneficiaries increased by 19 per cent. This suggests that importers closely monitor changes in trade preferences and respond quickly by switching to better market access conditions whenever possible.

Figure 4.

Loss of GSP preferences triggered importers switching to other non-reciprocal trade preferences.

Change in the United States imports from GSP eligible economies under various United States trade programmes, 2019–2023
(Per cent)



Source: UNCTAD calculations based on GSP database and TRAINS in WITS.
Note: GSP refers to the General System of Preferences and includes both general and LDC-only schemes. AGOA denotes the African Growth and Opportunity Act, and CBI the Caribbean Basin Initiative. Due to better coverage of ad valorem equivalent (AVE) tariff estimates, 2018 tariff data are used for 2019. The 2023 MFN ad valorem equivalent tariff for product 17011410 (sugar) is missing from the database; as this is an important export for some beneficiaries (e.g. Eswatini and the Plurinational State of Bolivia), the 2022 rate (2 per cent) is used instead. GSP import values refer to imports from beneficiary countries eligible only for GSP preferences.

Case 2. Country-specific exclusion from a non-reciprocal trade preferences (Bangladesh, Cambodia and Ethiopia)

Because NRTPs are voluntary in nature, preference-granting markets can withdraw benefits selectively from products or countries at their discretion. Withdrawals often reflect political or economic considerations, including domestic industry concerns.

Such policy reversals are relatively common and underscores the inherently voluntary nature of NRTPs. Their impact, however, differs across countries, as illustrated by the cases of Bangladesh, Cambodia, and Ethiopia.

In 2013, Bangladesh was suspended from the United States' GSP for LDCs due to concerns over labour conditions in the apparel sector.[6] In 2020, the European Union partially suspended Cambodia's eligibility for the Everything-but-Arms (EBA) preferences over alleged human rights violations.[7] In 2022, the United States removed Ethiopia from the AGOA eligibility list on similar grounds.[8]

In all cases, bilateral exports declined after preferences were withdrawn, though the magnitude varied (Table 2).

6 See Office of the United States Trade Representative (2013), Statement by the U.S. Government on Labor Rights and Factory Safety in Bangladesh, July.
7 See European Commission (2020), Cambodia loses duty-free access to the EU market over human rights concerns, Press Release, August.
8 See Office of the United States Trade Representative (2022), U.S. Terminates AGOA Trade Preference Program for Ethiopia, Mali and Guinea, Press Release, January.

Table 2.
Exports to preference-granting markets fell after preference termination.
Share of preference markets in total exports and growth rate of exports to preference-granting markets, before and after preference termination
(Per cent)

Country	Before/ After	Market share*	Export growth**	Time period	Preference market
Bangladesh	Before exclusion	21.7	9.6	2008–2012	United States GSP
(June 2013)	**After exclusion**	**16.1**	**1.4**	**2014–2018**	
Cambodia	Before exclusion	27.9	8.9	2016–2019	European Union EBA
(2020)	**After exclusion**	**17.3**	**8.0**	**2021–2024**	
Ethiopia	Before exclusion	13.3	13.6	2018–2021	United States AGOA
(2022)	**After exclusion**	**12.1**	**-10.2**	**2022–2024**	

Source: UNCTAD calculations based on UNCTADStat.
* Export share presents a share of the preference-granting market in total exports of the countries concerned (Bangladesh, Cambodia and Ethiopia).
** Export growth is the average annual growth rate of exports to the market concerned.

Bangladesh experienced a slowdown in exports to the United States, with its average annual growth rate falling from 9.6 per cent to 1.4 per cent.

- The decline occurred even when the preferential margin loss, i.e., the loss in the gap between the preferential tariff rate and the MFN applied tariff rate, was relatively small, at 1.4 per cent (Table 3).
- Around 91 per cent of Bangladesh's exports to the United States were apparel products,a sector not covered by GSP. Even without preferences, Bangladesh supplied 5.3 per cent of total United States apparel imports in 2012. Before losing eligibility, only 1.1 per cent of Bangladesh's dutiable exports to the United States had benefited from GSP.
- Bangladesh's export losses likely reflected reputational and compliance concerns following the Tazreen Fashion fire in 2012 and the Rana Plaza collapse in 2013, which exposed poor labour and safety conditions in the apparel sector in Bangladesh.[9] Empirical studies confirm that these reputational pressures, not just the loss of preferential tariffs, played a significant role in the country's weakened export performance in the following years.[10]
- Within a year after the GSP exclusion, the number of operational textile and garments factories, mainly small sized businesses, declined from 5900 to 4200.[11]

[9] In 2012, a fire broke out at the Tazreen Fashions factory which lacked safety measures and killed over 100 people and injured more. In 2013, the Rana Plaza, an eight-story building that housed garment factories, with major structural flaws, collapsed, killing over 1,100 people.
[10] Koenig P and Poncet S (2019 and 2020) show a drop in sourcing from Bangladeshi suppliers after the Rana Plaza shock, and find post-disaster declines for firms directly implicated in the scandal. Bossavie L, Cho Y and Heath R (2020) documents significant retailer responses that affected workers and production patterns.
[11] See Mondial S, Uddin M and Akter N (2024), The Textile Industry in Bangladesh: Growth Trends, Challenges, and Future Prospects. Global Disclosure of Economics and Business, vol.13, No 2/2024.

Table 3.
Different trade outcomes reflect how countries benefited from preferential schemes.

Selected indicators of preferential access for Bangladesh, Cambodia and Ethiopia in the preference-granting markets

	Bangladesh	Cambodia	Ethiopia
Programme	United States GSP	European Union EBA	United States AGOA
Year	2012	2019	2021
Preference margin (%)	1.4	6.6	5.1
Preferential rate (%)	7.0	0.0	0.3
MFN rate (%)	8.4	6.6	5.4
Preference coverage (%)	1.1	97.8	91.0
Preference utilization (%)	73.3	94.4	21.6
Preference value (Thousand $)	2 264	700 172	1 599
Preference value share (% of covered exports)	4.4	11.5	1.8

Source: UNCTAD calculations based on GSP Database and TRAINS in WITS.
Note: Includes AVE of specific tariffs. Simple average tariffs are used.

Cambodia's exports to the European Union also slowed after the country was partially suspended from the European Union's EBA privileges.

- The share of the European Union in Cambodia's total exports declined significantly, from 28 per cent to 17 per cent.
- Up until 2020, Cambodia had been a significant beneficiary of the European Union's EBA scheme, enjoying an average preference margin of 6.6 per cent on nearly 95 per cent of its exports to the European Union. In 2019 alone, this translated into tariff savings of around $700 million for European Union importers, a significant advantage for Cambodia's export competitiveness.
- While the European Union's share of Cambodia's export market declined, Cambodia redirected its exports to other markets, such as the United States and Viet Nam. The share of the United States as Cambodia's export market rose from 20 to 35 per cent, and that of Viet Nam from 4 to 12 per cent.
- Nevertheless, Cambodia experienced the closure of 83 and the suspension of work in 450 garment and footwear factories, affecting about 150 thousand workers in the first half of 2020 following the suspension from EBA in an economy already struggling with the impacts from the COVID-19 pandemic.[12]

Ethiopia experienced a significant shock following its exclusion from the United States AGOA.

- Ethiopia's export growth to the United States declined from 13.6 per cent a year to minus 10.2 per cent following the exclusion from AGOA.

[12] See Business and Human Rights Resource Centre (2020), Cambodia: 450 garment factories suspend their operations affecting over 150,000 workers due to COVID-19 & EU's EBA withdrawal, 28 September.

- Although the preference utilization rate (at 22 per cent) was not very high, Ethiopia benefited substantially from the AGOA programme's "third-country fabric" provision, which allowed duty-free apparel exports made from imported fabrics.
- Unlike the above Cambodia case, Ethiopia could not redirect their exports to other markets, due partially to more strict rules of origin provision of NRTPs in non-United States markets.
- According to the African Development Bank, Ethiopia's AGOA suspension interrupted market linkages, causing supply chain disruptions. Consequences include: layoff of over 1,000 jobs at two Hawassa Industrial Park garment factories in 2022, a 24 per cent decline in industrial park exports by 2023, the departure of 18 foreign companies between 2022 and 2025, and a $45 million combined revenue loss for industrial parks.[13] Indeed, FDI inflows to Ethiopia fells considerably from $4.3 billion in 2021 to $3.3 billion in 2023.[14]

[13] See African Development Bank (2025), Country Focus Report 2025 Ethiopia.
[14] UNCTADStat.

Chapter II.

Trade impacts of losing preferences

Main users of trade preferences, particularly LDCs, are increasingly confronted with tariff hikes resulting from changes in NRTPs. The new tariffs introduced in the United States in 2025 effectively terminated preferential schemes for many LDCs, considerably raising the applied tariffs they face. The 14 LDCs currently in the process of graduation from the LDC status will see their applied tariffs surge in the preference-granting markets after graduation as they lose the eligibility for LDC preferences. Model-based estimates point to disproportionately large trade impacts for some of these economies.

As discussed in Chapter I, the global trade environment has grown increasingly uncertain, which also influences the predictability of some NRTPs. For example, the new tariffs introduced by the United States in April 2025 effectively terminated the preferential market access that developing counties enjoyed in this market for many years. Such fragility inherent to NRTPs can have significant, and at times instantaneous, impacts on the trade prospects of preference-beneficiary developing countries, particularly LDCs.

Assessing trade impacts, including the factors that determine the magnitude, becomes more important in light of an increasing number of countries preparing to "graduate" from the LDC status through a multi-year procedure under the United Nations, as graduation typically entails the loss of preferential access across all 25 markets that currently offer such benefits.

The likely negative impacts of changes in market access conditions, tend to be disproportionately large for LDCs. The current chapter estimates the likely impact of preferential losses on LDCs arising from (i) the application of the United States unilateral tariffs and (ii) graduation from the LDC status.

A. The likely trade impacts of the United States tariffs

In April 2025, Executive Order 14257 and its July amendment significantly increased United States applied tariff rates for trading partners (Box 3).[15,16] The new tariffs took effect on 7 August 2025, raising average applied tariffs to their highest levels in decades.[17]

15 See UNCTAD (2025), Global Trade Update (September 2025): Trade policy uncertainty looms over global markets. (UNCTAD/DITC/INF/2025/7).

16 See UNCTAD (2025), Global Trade Update (April 2025): Escalating tariffs – the impact on small and vulnerable economies (UNCTAD/DITC/INF/2025/2).

17 See United States (2025), Executive Order 14257: Regulating imports with a reciprocal tariff to rectify trade practices that contribute to large and persistent annual United States goods trade deficits, 2 April, and Executive order: Further modifying the reciprocal tariff rates, 31 July 2025.

Box 3.
The United States "reciprocal" tariffs

Executive Order 14257, issued on 2 April 2025 as amended on 31 July 2025, established a framework for tariffs purportedly aimed at correcting the United States merchandise trade imbalances. The order was grounded in several legal authorities, including the International Emergency Economic Powers Act and Section 232 of the Trade Expansion Act, and declared persistent United States trade deficits a national emergency.

Under Executive Order, all countries are subject to a baseline 10 per cent tariff, and those with significant trade imbalances face elevated tariffs, often ranging from 15 per cent to over 40 per cent. The order also allows exemptions based on national security or strategic interests. For example, certain critical minerals, precious metals, semiconductors and energy commodities were exempted from tariffs.

LDCs face "reciprocal" tariffs higher than their competitors.

LDCs were among the hardest hit by the new tariffs. As demonstrated in Figures 5a and 5b, the average tariff rates faced by LDCs jumped from 1.7 per cent in January 2025 to 13.3 per cent in September 2025, an 11.6 percentage-point rise, compared to 10.7-point rise for other developing countries.[18]

LDCs in sub-Saharan Africa now face trade-weighted average tariffs between 10 and 15 per cent, while those in Asia face much higher rates: 50 per cent for Myanmar, 35 per cent for Bangladesh, and 38 per cent for Lao People's Democratic Republic. In contrast, a few commodity-exporting economies, such as Angola and the Democratic Republic of the Congo, experienced minimal trade-weighted tariff increases, as their exports are dominated by duty-free or low-duty commodities, like fuels and copper.

These new tariffs were aimed at regulating imports to rectify trade practices that contribute to United states goods trade deficits.[19] The United States ran trade deficit with the majority of preference-receiving countries. For example, in 2023, the United States recorded bilateral merchandise trade deficit with 20 of the 35 AGOA beneficiary countries.[20] However, LDCs accounted for only 1.6 per cent, or $20 billion, of total United States merchandise trade deficit of $1.3 trillion in 2024.[21] Most LDCs lacked the capacity to negotiate bilateral trade deals with the United States to reduce tariffs.

Low-income countries face a steep tariff increase.

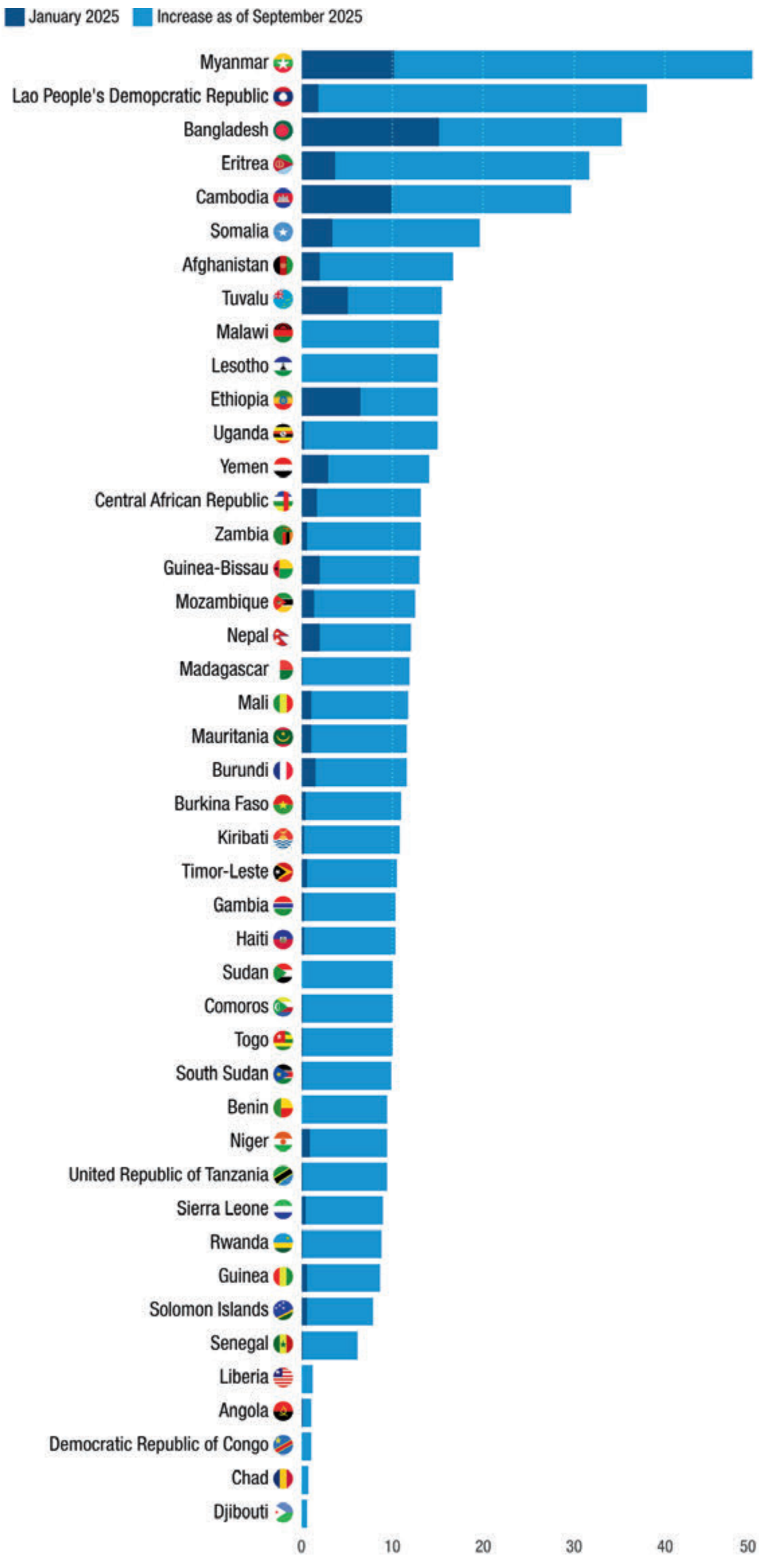
As shown in Figure 6, tariff increases are negatively correlated with income levels. Countries with per capita income below $10,000 experienced average tariff hikes exceeding 35 percentage points, reflecting their earlier reliance on low or zero NRTP rates. The yellow dots represent countries dependent on commodity exports. Tariff changes for these countries were around 10 percentage points or lower, as most raw commodities were excluded from the list of "reciprocal" tariffs.

[18] UNCTAD's own estimates based on USITC and United States presidential actions, including the executive orders published by the White House.
[19] See the Executive Order 14257: Regulating imports with a reciprocal tariff to rectify trade practices that contribute to large and persistent annual United States goods trade deficits, 2 April 2025, Federal Register, (90 Fed. Reg. 15041, published 7 April 2025).
[20] See Hendrix C (2025), Letting a trade act expire won't fix the US-Africa trade deficit. Peterson Institute for International Economics, 10 February.
[21] UNCTAD calculations based on UNCTADStat.

Figure 5a.

Tariffs increased sharply for least developed countries exporting manufactured good.

The United States tariffs on imports from least developed countries, by country, January and September 2025 (Per cent)

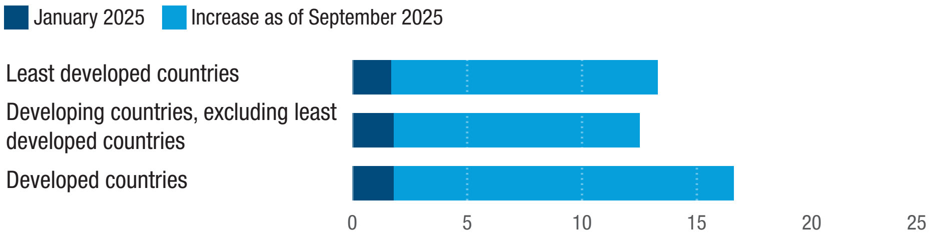


Source: UNCTAD calculations based on USITC and United States presidential actions, including the Executive Orders published by the White House. UNCTAD (2025), Tariff dashboard – tracking the evolution of US tariffs.
Note: Country figures are trade weighted, and country group averages are simple average tariff rates.

Figure 5b.

Tariffs increased sharply for the LDC group.

The United States tariffs on imports by development status, January and September 2025
(Per cent)

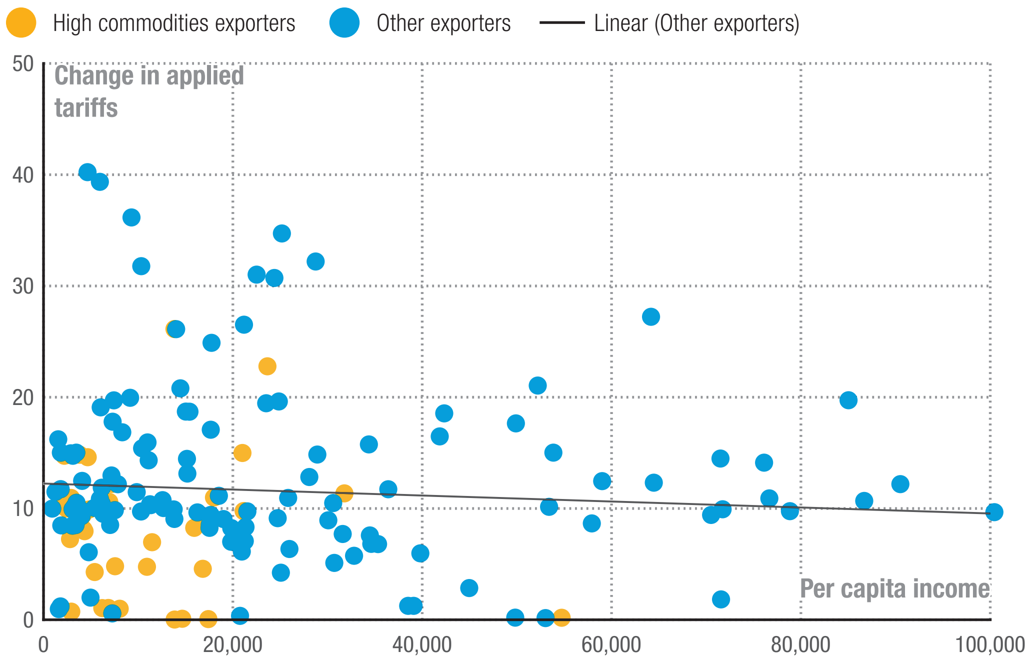


Source: UNCTAD calculations based on USITC and United States presidential actions, including the Executive Orders published by the White House. UNCTAD (2025), Tariff dashboard – tracking the evolution of US tariffs.
Note: Country figures are trade weighted, and country group averages are simple average tariff rates.

Figure 6.

Applied tariffs increased more for poorer countries.

Correlation between change in applied tariffs (per cent) and exporters' income level (PPP adjusted per capita income), 2023
($)



Source: UNCTAD calculations based on World Bank WDI purchasing power parity (PPP) adjusted per capita income and UNCTAD compilations of tariffs based on USITC and United States presidential actions, including the executive orders published by the White House. UNCTAD (2025), Tariff dashboard – tracking the evolution of US tariffs.
Note: Country figures are trade weighted average tariff rates. Percentage change in applied tariffs from January to Septemner 2025 is used. The black line shows fitted linear line between tariffs and per capita income. Income statistics use 2023 figures due to wider country coverage. High primary goods exporters are countries that primary goods including precious stones account for at least 90 per cent of their exports.

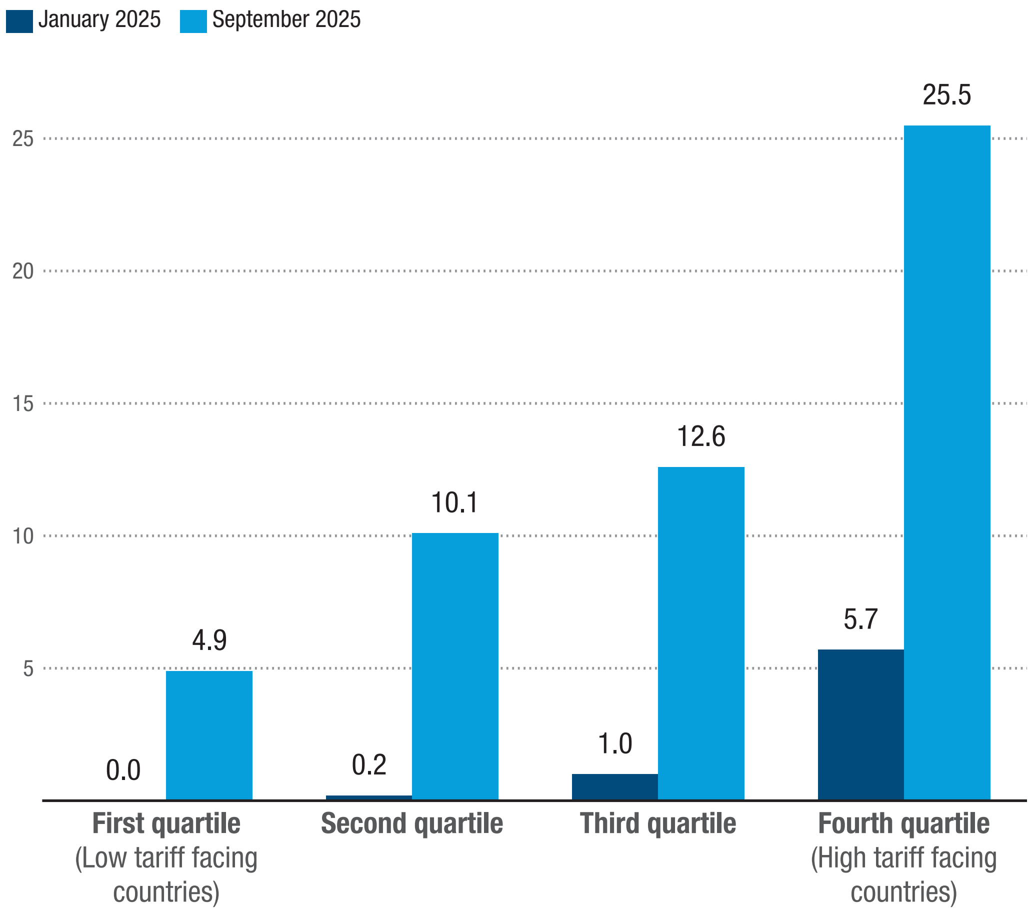
Manufactured exports are more affected than commodity exports.

Exporters of manufactured goods – particularly apparel – faced steep tariff increases. Figure 7 groups LDCs into four quartiles (equal-numbered country groups) according to new average applied tariffs in the United States. The chart reveals that LDCs most dependent on manufactured exports, such as Lesotho, moved from low-tariff to high-tariff groups between January and September 2025. For LDCs in the top quartile, average applied tariffs soared from 5.7 per cent to 25.5 per cent within eight months. None of the countries included in the fourth quartile for the September 2025 tariffs is classified as high commodity dependent (Table 4).

Figure 7.

The gap in applied tariffs among least developed countries has widened.

Dispersion of average tariffs among least developed countries
(Per cent)



Source: UNCTAD calculations based on USITC and United States presidential actions, including the Executive Orders published by the White House. Export product composition is from UNCTADStat.
Note: Least developed countries are ordered from lowest to highest according to the United States tariff they face in January 2025 and on 8 September 2025 separately and divided into four equal numbered country groups. Group averages are simple average rates. See table 4 for further information.

Table 4.
Manufacture exporters now face higher tariffs.
Country groupings by the level of tariffs

January 2025			
Quartile 1	Quartile 2	Quartile 3	Quartile 4
Benin, **Chad**, **Democratic Republic of the Congo**, Djibouti, Lesotho, Liberia, Malawi, Senegal, **Sudan**, Togo, United Republic of Tanzania	**Angola**, **Burkina Faso**, Comoros, Gambia, Haiti, Kiribati, Madagascar, Rwanda, Sierra Leone, South Sudan, Uganda	Burundi, Central African Republic, **Guinea**, Lao People's Democratic Republic, **Mali**, **Mauritania**, **Mozambique**, **Niger**, **Solomon Islands**, **Timor-Leste**, Zambia	Afghanistan, Bangladesh, Cambodia, Eritrea, Ethiopia, **Guinea-Bissau**, Myanmar, Nepal, Somalia, Tuvalu, Yemen
September 2025			
Quartile 1	Quartile 2	Quartile 3	Quartile 4
Angola, **Chad**, **Democratic Republic of the Congo**, Djibouti, **Guinea**, Liberia, Rwanda, Senegal, Sierra Leone, **Solomon Islands**, United Republic of Tanzania	**Benin**, **Burkina Faso**, Comoros, Gambia, Haiti, Kiribati, **Niger**, South Sudan, **Sudan**, **Timor-Leste**, Togo	Burundi, Central African Republic, Ethiopia, **Guinea-Bissau**, Madagascar, **Mali**, **Mauritania**, **Mozambique**, Nepal, Yemen, Zambia	Afghanistan, Bangladesh, Cambodia, Eritrea, Lao People's Democratic Republic, Lesotho, Malawi, Myanmar, Somalia, Tuvalu, Uganda

Source: UNCTAD calculations based on USITC and United States presidential actions, including the Executive Orders published by the White House, available at https://unctad.org/topic/trade-analysis/tariffs/evolution-tariff-landscape-united-states. Export product composition is from UNCTADStat.
Note: Least developed countries are ordered from lowest to highest according to the United States tariff they face in January 2025 and on 8 September 2025 separately and divided into four equal numbered groups. First quartile shows the lowest tariff facing economies while the fourth quartile includes the highest tariff facing economies. Countries in which primary goods including precious stones, account for at least 90 per cent of exports, are shown in bold (high commodity exporters).

Least developed countries face disproportionately large trade impact from the new United States tariffs.

The United States new tariffs introduced in 2025 sharply increased the average tariffs faced by many LDCs in the United States market. Although it is still too early (as of October 2025) to fully observe the realized effects of these measures, model-based simulations suggest that the impact on LDC exports could be substantial. LDCs are likely to experience disproportionately large declines in their exports to the United States compared to other developing or developed economies.

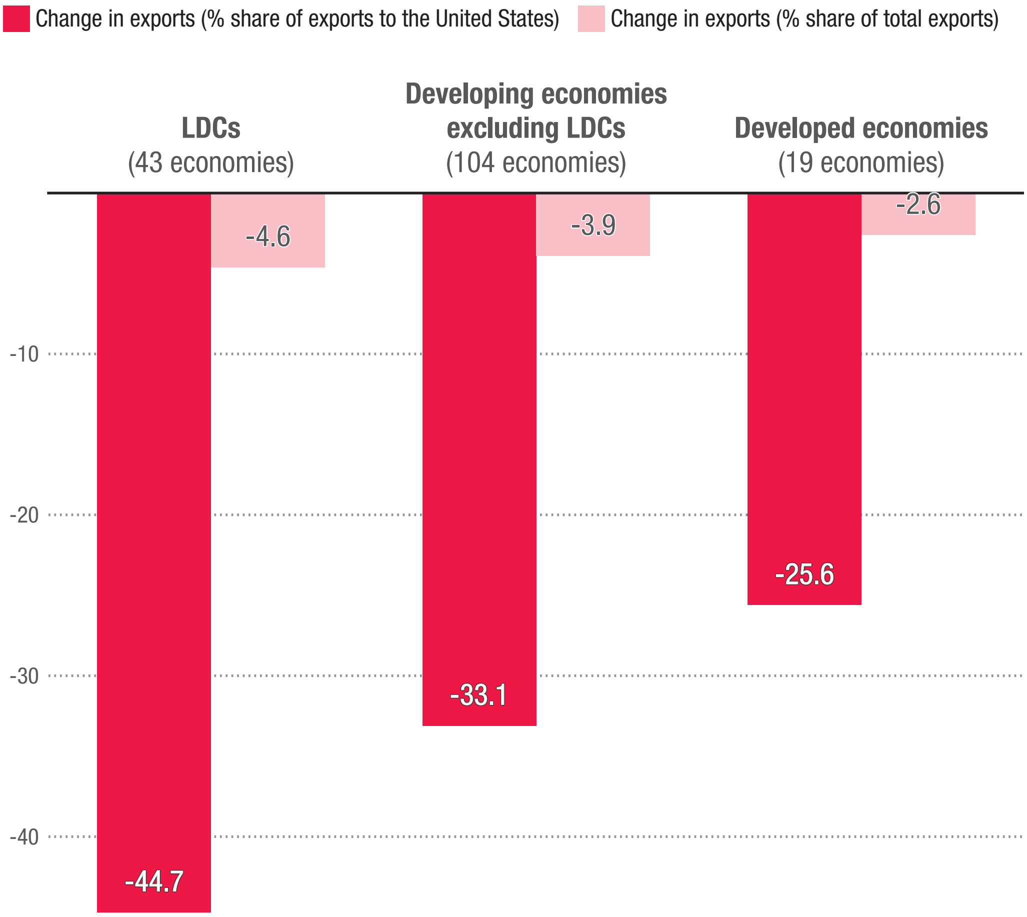
Results from the ESCAP/ECA TINA model, summarized in Figure 8, underline that economies most dependent on preferential access to the United States market—and with limited capacity to diversify to other export markets—are the hardest hit. The recent rise in United States applied tariffs could reduce LDC exports to that country by 45 per cent (about US$12 billion). This amounts to an estimated decline in total exports of LDCs by 5 per cent, compared to 4 per cent for other developing countries and less than 3 per cent for developed economies.

For many LDCs, whose export structures are already narrow, such a large contraction could translate into significant losses in employment, government revenue, and foreign exchange earnings.

Figure 8.

Least developed countries would see the largest fall in bilateral exports owing to the new tariffs

Impact of new tariffs on exports to the United States by development status
(Per cent)



Source: UNCTAD calculations based on ESCAP/ECA TINA simulations as of 31 July 2025 United States tariffs on all economies.
Note: TINA simulations are available for about 170 economies. Simulations are partial equilibrium results of the United States tariffs imposed on all economies as of 31 July 2025 compared to the pre-April 2025 figures. The simulations consider rising tariffs by product for all economies but not the feedback effects from tariffs imposed on other sectors. 2023 trade figures are used by TINA in simulations and in calculating the ratios. The European Union member States are treated as one economy in the data source.

Trade impact varies by income and market concentration

Figure 9 provides a more granular view of the trade impact across countries of different income level. The data reveal a clear negative correlation between per capita income and the severity of the export decline: poorer economies tend to experience sharper contractions in exports. The countries clustered in the upper left corner of the chart (in the orange circle) represent those most affected, with export declines of between 80 and 90 per cent. Four of the five hardest-hit economies are LDCs: Burundi, Comoros, Myanmar, and Uganda.

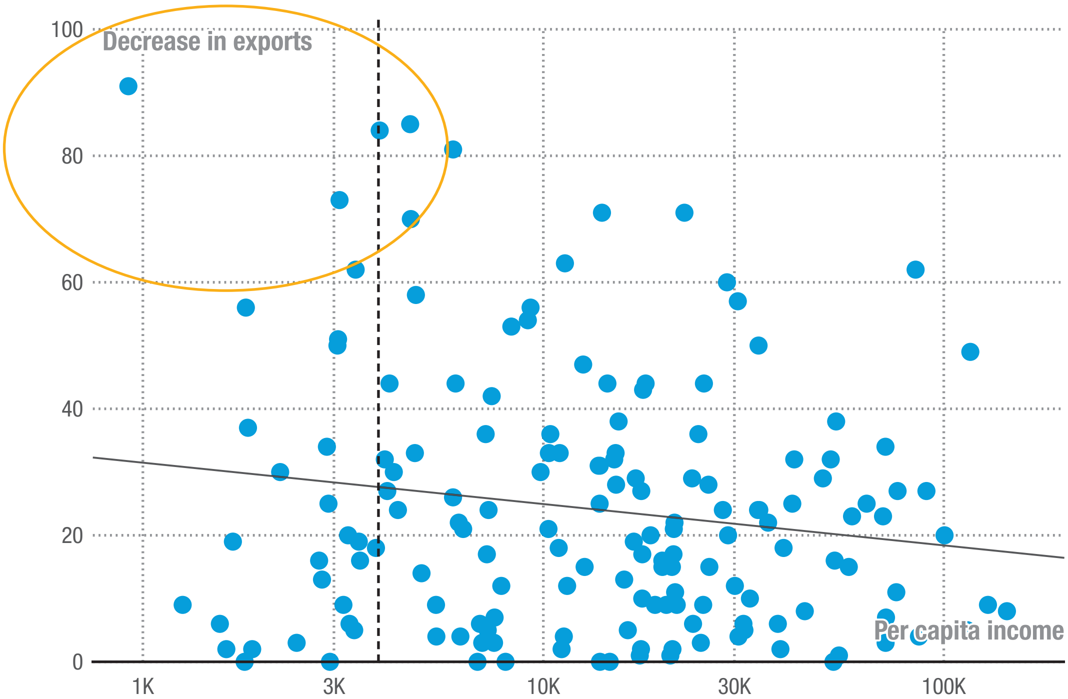
Among the other developing countries, the members of the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) are also projected to suffer large export losses, as shown in table 5. Their high dependence on the United States market, particularly for manufactured products, magnifies the shock. For instance, Nicaragua, where the United States accounts for over half of its total export revenues, could see total exports fall by as much as 35 per cent.

The above estimates confirm that export concentration, whether by product or market, amplifies a country's exposure to trade shocks. When preferences are withdrawn in a key market, the resulting export losses can be substantial. Reducing market concentration can be facilitated by assessing the market access conditions, particularly those under NRTPs of many markets.

Figure 9.

Least developed countries face the biggest trade impacts from the new United States tariffs.

Distribution of countries according to PPP adjusted per capita income ($ logarithmic) and decrease in exports to the United States (per cent), 2023



Source: UNCTAD calculations based on ESCAP/ECA TINA simulations as of 31 July 2025 United States tariffs on all economies, available at https://tina.trade/app/tariff-simulation-generator and World Bank WDI Purchasing Power Parity (PPP) adjusted per capita income.
Note: TINA simulations are available for about 170 economies. Simulations are partial equilibrium results of the United States tariffs imposed on all economies as of 31 July 2025 compared to the pre-April 2025 figures. The simulations consider rising tariffs by product for all economies but not the feedback effects from tariffs imposed on other sectors. Vertical axis measures the impact of the United States tariffs on exports of economies (decrease as a share of exports to the United States). The black line shows fitted semi-log linear line between trade decline and per capita income. Income statistics use 2023 figures for wider country coverage. 2023 trade figures are used by TINA in simulations and in calculating the ratios.

Table 5.
The dependence on the United States market exacerbates the trade impact of new tariffs.
Share of the United States in exports and the impact of the new tariffs in most impacted three economies

Country name	United States' share in total exports (%)	Change as per cent share in exports to the United States	Change as per cent share in total exports
Nicaragua	51.6	-52.7	-35.1
Honduras	45.5	-35.5	-18.2
Dominican Republic	57.2	-28.2	-15.9

Source: UNCTAD calculations based on ESCAP/ECA TINA simulations as of 31 July 2025 United States tariffs on all economies, and World Bank WDI (PPP adjusted per capita income).
Note: TINA simulations are available for about 170 economies. Simulations are partial equilibrium results of the United States tariffs imposed on all economies as of 31 July 2025 compared to the pre-April 2025 figures. The simulations consider rising tariffs by product for all economies but not the feedback effects from tariffs imposed on other sectors. The same trade flow reported by an importer and exporter can differ. In calculating the impact's share in a country' total exports UNCTADStat export figures reported by exporters are used. For the share of impact on the exports to the United States, import figures reported by the United States' is used for consistency with the TINA's simulation approach.

B. The likely trade impacts of the graduation from the least developed country status

According to the United Nations Committee for Development Policy, as of October 2025, 14 of 44 LDCs are in the process of graduation, having met the graduation criteria in terms of income, human capital, and economic resilience (Table 6).[22]

Graduating from the LDC status will result in the loss of access to LDC-specific trade preferences across all 25 markets offering them, including DFQF treatment under initiatives like the European Union's EBA initiative. Since the establishment of the LDC category in 1971, seven countries have graduated from the LDC status.[23]

Some countries may experience significant export losses following the least developed country graduation.

The trade effects of losing LDC preferences could be substantial in certain cases (Table 7). For instance, Bangladesh can face a 32 per cent decline in its total exports. About 97 per cent of Bangladesh's export losses would be from apparel and footwear sectors (Harmonized System codes 61–64), and 77 per cent of the total export loss is linked to preference erosion in the European Union market,

[22] For Bangladesh, Cambodia, Lao People's Democratic Republic, Nepal, Senegal and Solomon Islands, the General Assembly has issued the resolution on graduation. See United Nations (2024), Implementation, effectiveness and added value of smooth transition measures and graduation support. Report of the Secretary-General to the seventy-ninth session of the General Assembly (A/79/504); For Djibouti, Kiribati and Tuvalu, Committee for Development Policy (CDP) recommended for graduation but that yet to be endorsed by the United Nations Economic and Social Council. The CDP yet to assess the status of five countries (Comoros, Myanmar, Rwanda, Uganda and United Republic of Tanzania) as they recently met the graduation criteria. Timor-Leste, Zambia and Angola were in the graduation process, but the process stopped as they currently do not meet the graduation criteria.

[23] These countries are Sao Tome and Principe (2024), Bhutan (graduated in 2023), Vanuatu (2020), Equatorial Guinea (2017), Samoa (2014), Maldives (2011), Cabo Verde (2007), and Botswana (1994).

which currently offers duty-free treatment for apparel and footwear products under its EBA initiative for LDCs (Table 8).

Four other countries (Myanmar, Cambodia, United Republic of Tanzania, and the Lao People's Democratic Republic) could experience a decline in exports ranging from 13 and 17 per cent. Cambodia, in particular, would face significant export losses in the European Union (47 per cent), Canada (20 per cent) and China (16 per cent). Along with apparel and footwear (Harmonized System 61, 62, 64), raw and articles of fur skins (Harmonized System 43) appear among the products most affected. These products account for 81 per cent of the trade loss after the graduation.

Table 6.
Least developed countries planning to graduate from the least developed country status.
List of countries in the process of least developed country graduation as of October 2025

LDC graduation schedule	Countries
Scheduled to graduate on 24 November, 2026	Bangladesh, Lao People's Democratic Republic, Nepal
Scheduled to graduate on 13 December, 2027	Solomon Islands
Scheduled to graduate on 19 December, 2029	Cambodia, Senegal
In various stages of the graduation pipeline	Comoros, Djibouti, Kiribati, Myanmar, Rwanda, Tuvalu, Uganda, United Republic of Tanzania

Source: United Nations, LDC Portal "Countries approaching graduation and already graduated".

Table 7.
Some countries would see significant export revenue loss following graduation.
Simulated changes in exports of beneficiaries due to loss of least developed country status in trade preference programmes for least developed countries, 2023

	Export loss (Million $)	Total exports (Million $)	Impact (%)	Preferential market share* (%)
Bangladesh	-17 667.1	54 800.0	-32.24	90.9
Myanmar	-4 184.4	24 070.0	-17.38	92.0
Cambodia	-5 939.5	36 330.0	-16.35	80.5
United Republic of Tanzania	-1 392.4	9 830.0	-14.16	48.5
Lao People's Democratic Republic	-1 167.1	9 120.0	-12.80	82.2
Uganda	-713.0	5 600.0	-12.73	34.7
Senegal	-419.3	5 570.0	-7.53	46.9
Nepal	-46.6	1 220.0	-3.82	97.0
Rwanda	-25.9	1 370.0	-1.89	26.6
Solomon Islands	-1.1	547.8	-0.21	91.7

Source: Simulations based on the Trade Intelligence and Negotiation Advisor (TINA) platform based on a partial equilibrium model. Export share figures are from UNCTADStat.
Note: Simulation results exclude Comoros, Djibouti, Kiribati and Tuvalu due to significant differences between baseline export figures used in TINA simulations and UNCTADStat figures for 2023. Many LDCs also have multiple trade preference eligibilities such as general GSP, AGOA and FTA. In case of losing eligibility in a programme, the next best available preference regime applies.
* The share of 25 preference granting economies in beneficiary exports.

Table 8.
Trade losses would be concentrated in the European Union and China markets.
Sources of export decline by destination, 2023 (Per cent)

	First trade partner		Second trade partner		Third trade partner	
	Trade partner	Market share in total decline	Trade partner	Market share in total decline	Trade partner	Market share in total decline
Bangladesh	European Union	77.2	Canada	8.6	United Kingdom	6.9
Myanmar	European Union	47.7	China	33.0	Republic of Korea	6.3
Cambodia	European Union	46.8	Canada	19.8	China	15.6
United Republic of Tanzania	India	82.9	China	14.2	European Union	2.3
Lao People's Democratic Republic	China	43.2	Thailand	36.2	European Union	17.4
Uganda	India	91.8	European Union	3.6	China	3.1
Senegal	China	50.9	India	19.3	European Union	14.4
Nepal	European Union	56.7	China	12.7	Japan	8.0
Rwanda	China	42.2	India	22.9	European Union	18.3
Solomon Islands	China	90.2	Chile	4.0	Canada	3.2

Source: Simulations from TINA, available at https://tina.trade/. Export share figures are from UNCTADStat.
Note: Simulation results exclude Comoros, Djibouti, Kiribati and Tuvalu due to significant differences between baseline export figures used in TINA simulations and UNCTADStat figures for 2023. Many LDCs also have multiple trade preference eligibilities such as general GSP, AGOA and FTA. In case of losing eligibility in a programme, the next best available preference regime applies.

Various factors influence the magnitude of trade impacts of preference losses.

It is intuitive that the bigger the export dependency on the 25 NRTP-granting markets, the bigger the likely negative trade impacts of preference losses. It is the case, in general, as presented in Figure 10. For Bangladesh, Lao People's Democratic Republic, and Cambodia, over 80 per cent of their exports are destined for the 25 NRTP-granting markets, and they are all expected to experience significant losses in their total exports because of the loss of preferences.

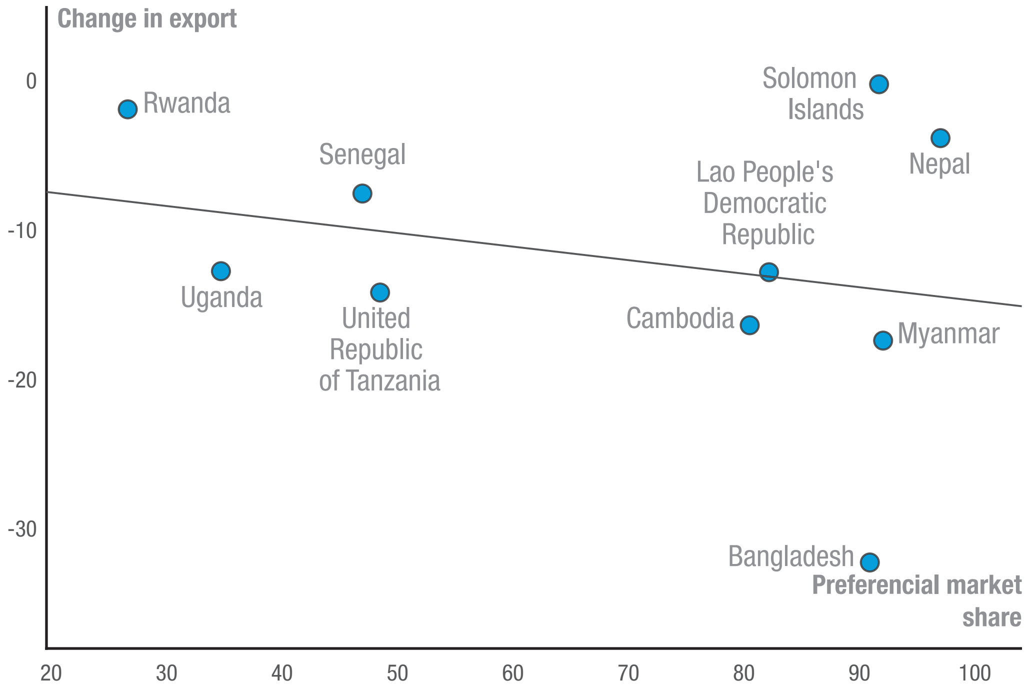
However, the degree of market concentration in preference-granting countries is not the only determinant of the negative trade impact.

The difference in trade effects can be attributed to other factors at play, such as differences in tariff margins, products exported and the availability of alternative preferential schemes. For example, in Table 7, Angola and Nepal demonstrate a very high market concentrations of nearly or over 90 per cent, but with a relatively low magnitude (less than 5 per cent) of the estimated trade impact. For Angola, this is because its main export is fuels, which generally face zero or low tariffs at the MFN level, thus resulting in a minimal loss of preference margin, if any. For Nepal, this is likely because the loss of GSP preferences in its largest export destination, India, can be mitigated by switching to reciprocal duty-free treatment under the South Asian Free Trade Agreement (SAFTA), to which both Nepal and India are members.

Figure 10.

Higher export concentration in preference-granting markets implies larger trade effect while other factors may mitigate the negative impact.

Scatter plot of change in exports on share of preference granting markets, 2023
(Per cent)



Source: UNCTAD simulations using TINA.

Reciprocal trade preferences can be an option if they can accommodate the developmental concerns.

The existence of alternative preferential trade arrangements is a critical determinant of trade impact on a country. For this reason, graduating LDCs may evaluate the potential values of alternative NRTPs, such as GSP schemes for developing countries. For example, the European Union's GSP+ offers duty-free access for key products, such as apparel, and may help cushion the adverse effects of losing LDC preferences.

Alternatively, graduating LDCs may start examining reciprocal trade agreements with their major markets, as has been the case of the African, Caribbean and Pacific (ACP) States moving from the non-reciprocal preferential access to the European Union market under the Lomé Convention to reciprocal Economic Partnership Agreements (EPAs) under the European Union–ACP partnership agreement signed in Cotonou in 2000.[24]

Indeed, some graduating LDCs, such as Bangladesh, have begun exploring free trade agreements with preference-granting partners, including Japan and the Republic of Korea, and Singapore. However, entering reciprocal FTAs can be challenging, as LDCs

[24] See 2000/483/EC: ACP–EU Partnership Agreement (Cotonou Agreement): Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States of the other part, signed in Cotonou on 23 June 2000 (Protocols; Final Act; Declarations).

would need to open their own markets, potentially increasing competition, causing adjustment costs, and reducing customs revenues.[25] Also, countries with limited market power face challenges in effectively negotiating and achieving their economic interests in trade negotiations with partners that enjoy significantly greater markets.[26]

Changes to preferential market access need to follow gradual steps.

Given the impacts on trade of preference-dependent countries, any changes to existing NRTPs that may result in hindering preferential market access need to follow gradual steps, with a sufficient transition period and economic support. This will ensure that preference-receiving countries preserve the trade relationships, production capacity, and investment flows nurtured under NRTPs.

The effects of preference erosion in one market may be offset by trade expansion in other markets. It is therefore important to keep other markets open by preserving existing NRTPs and updating them to meet the evolving needs of developing countries and LDCs.

Against this backdrop, LDCs have long called for gradual and smooth transition measures for countries that graduate from the LDC category.[27] The 2023 WTO General Council Decision provided for a "smooth and sustainable transition period" for withdrawal of LDC-specific preferences, without prescribing the duration of such period.[28] Several preference-granting markets, including the European Union, the United Kingdom, and Canada, have introduced transitional arrangements that allow graduating LDCs to continue receiving LDC-specific preferences for an additional three years. Current discussions, however, have not yet identified concrete support actions for LDCs to accumulate productive capacity through stable, predictable, and favourable market access conditions.

[25] See, for instance, UNCTAD (2021), Trade and Development Report 2021: From recovery to resilience: The development dimension; Stender F, Berger A, Brandi C and Schwab J (2021), The trade effects of the economic partnership agreements between the European Union and the African, Caribbean and Pacific group of States: Early empirical insights from panel data; and International Economics Ltd. (2023), Viet Nam: The end of trading under the European Union's generalised scheme of preferences for Viet Nam.

[26] See, for instance, Heron T (2011), Asymmetric bargaining and development trade-offs in the CARIFORUM-European Union Economic Partnership Agreement; and Stille Y (2023), Bargaining power in a globalized world: The effect of global value chains in trade negotiations.

[27] See, for instance, WTO (2022), Trade related challenges of the least developed countries and way forward: Proposal for WTO smooth transition measures in favour of countries graduated from the LDC category. Communication from Djibouti on behalf of the LDC Group, WT/GC/W/807/Rev.2.

[28] See, for instance, WTO (2023), General Council Decision on extension of unilateral duty-free and quota-freepreferences in favour of countries graduated from the LDC category adopted on 23 October 2023, WT/L/1172.

Chapter III.

Shaping non-reciprocal trade preferences for the future

To strengthen NRTPs' positive impact on developing country exports, it is essential to enhance their predictability, stability and transparency. Recent trends show a shift toward longer duration and the implementation of "smooth and sustainable transition mechanisms" for LDCs approaching graduation. Going forward, consideration could be given to exploring new models of trade cooperation. Among the possible approaches are South-South trade partnerships, development-oriented North-South trade agreements, enhanced support to investment and productive capacities, and greater international coordination, including under the auspices of UNCTAD.

A. Improving predictability, stability and transparency of non-reciprocal trade preferences

Recent developments across selected NRTPs have revealed several noteworthy trends aimed at enhancing the predictability, stability, and transparency of market access conditions for receiving countries, as detailed further in Annex 2. These trends highlight practical ways to strengthen the resilience of preference schemes, including through "smooth and sustainable transition mechanisms" for countries graduating from the LDC status.

Extended programme duration

A shift toward longer-term schemes is increasingly evident, aimed at reinforcing predictability for exporters. Canada and Japan have renewed their GSP programmes for 10-year periods (until 2034 and 2031, respectively).[29,30] Open-ended schemes – such as the European Union's EBA initiative and similar models adopted by India, China, and the United Kingdom – signal a growing commitment to lasting and stable market access.

Expansion of country and product coverage

Preference-granting countries are increasingly aligning to offer DFQF market access for all United Nations-recognized LDCs, with comprehensive coverage of products. China's 2024 announcement of full DFQF coverage for all LDCs with which it has diplomatic relations, and its 2025 extension to all 53 African countries with such ties, reflects a widening scope of LDC-focused preferences that increasingly includes non-LDC developing countries.[31]

Support for LDC graduation

With 14 LDCs nearing graduation, smooth transitional arrangements are gaining traction, as called for in the 2023 WTO General Council Decision.[32] While each preference-granting country determines the duration of transitional arrangements, the European Union, the United Kingdom,

29 See the website pages of the Government of Canada on Canada's unilateral tariff preference programs for imports from developing countries.
30 See the website pages of the Ministry of Foreign Affairs of Japan on the Explanatory notes for Japan's scheme.
31 See the website pages of the State Council of the People's Republic of China on China expands zero-tariff for least developed countries.
32 See, for instance, WTO (2023), General Council Decision on extension of unilateral duty free and quota free preferences in favour of countries graduated from the LDC category adopted on 23 October 2023, WT/L/1172.

and Canada have introduced mechanisms allowing continued access to LDC-specific preferences for three years post-graduation, thereby mitigating trade disruptions and supporting gradual adjustment.[33]

Enhanced GSP+ and GSP+-like schemes

Reforms to GSP+ aim to improve accessibility for vulnerable economies, including future LDC graduates. Recent adjustments include revising required international conventions and relaxing vulnerability criteria, particularly to accommodate populous graduating LDCs, such as Bangladesh. New GSP+-like schemes have also emerged, such as the United Kingdom's "Enhanced Preferences" (2023) and Canada's General Preferential Tariff Plus (GPTP) (2024).[34] The United Kingdom's reform notably removes the requirement for compliance with the 27 international conventions, reducing ambiguity while maintaining broad tariff benefits.

B. Policy areas for shaping non-reciprocal trade preferences for the future

Looking ahead, the international community can broaden the scope of preferential trade by exploring new models that go beyond the traditional North-South framework. These include South-South trade partnership and development-oriented reciprocal trade agreements. Such efforts can be combined with coordinated support measures, such as in the area of foreign direct investment (FDI), to help build productive capacities and foster economic diversification among preference beneficiaries, ultimately enabling them to grow beyond reliance on NRTPs.

South-South trade partnership can unlock new trade opportunities.

Large developing countries have an increasingly important role to play in supporting LDCs through South-South trade preferences. Developing countries as a group now absorb over 60 per cent of LDC exports, half of which go to China and India alone.[35]

Between 1995 and 2024, the value of South-South merchandise trade increased twelve times to $6.2 trillion. This trade is also more diversified, with medium-high-technology manufactured products together accounting for nearly half of South-South exports during this period.[36]

South-South trade partnerships such as the Global System of Trade Preferences among Developing Countries (GSTP) can help LDCs unlock new trade opportunities.[37] The GSTP Agreement (Article 17) provides for demand-based special treatment for LDC members, including in the forms of "duty-free access, particularly for processed and semi-processed goods." In addition, 4 of its 42 members (Chile, Republic of Korea, India and Thailand) have accepted to provide LDC-specific preferences. At its Ministerial Meeting held at the occasion of UNCTAD16, GSTP Ministers stressed that trade uncertainty opens a window of opportunity for strengthening South-South trade partnership

[33] See the website pages of (1) the Government of Canada on Canada's unilateral tariff preference programs for imports from developing countries; (2) the European Union, on the Generalized Scheme of Preferences; and (3) the United Kingdom on Developing Countries Trading Scheme (DCTS).
[34] Ibid.
[35] UNCTADStat, accessed in December 2025.
[36] Ibid.
[37] The Global System of Trade Preferences among Developing Countries (GSTP) is a preferential trade agreement, currently encompassing 42 members ("participants"), signed on 13 April 1988 with the aim of increasing trade between developing countries. The 42 members of GSTP include 7 LDCs as well (Bangladesh, Benin, Guinea, Mozambique, Myanmar, Sudan, and United Republic of Tanzania).

to build resilience through diversification in an increasingly multipolar world.[38]

Demographic and market trends further strengthen the case for South–South trade. By 2050, half of the world's population growth will occur in developing countries, including five GSTP participants: India, Indonesia, Nigeria, Pakistan, and the United Republic of Tanzania.[39] These economies already represent $4.9 trillion in import demand, or one-fifth of global trade in goods and services.[40]

For LDCs, expanding access for processed and manufactured goods in Southern markets would support diversification beyond primary commodities. Countries that already offer DFQF market access, such as China and India, could broaden product and country coverage, such as by including countries graduating from the LDC status and other developing countries in special needs, for example in sub-Saharan Africa, where trade preferences can catalyse industrialization and regional integration. Other large and emerging developing countries in a position to do so could consider implementing similar initiatives in favour of LDCs. For those already offering DFQF schemes, there is a scope to broaden product coverage.

North-South free trade agreements can be made more development oriented.

As LDCs graduate from their preferential status, free trade agreements (FTAs) based on reciprocal market opening by both parties are emerging as a key avenue for preserving existing market access conditions and mitigate the loss of NRTP benefits. Unlike NRTPs, FTAs offer negotiated, legally binding frameworks that ensure stability.

Several graduating LDCs have pursued FTAs with key trading partners to lock in tariff preferences and secure long-term access. For example, Bangladesh has initiated FTA negotiations with Japan and the European Union, among others, to preserve its export competitiveness post-graduation. Cambodia and the Lao People's Democratic Republic are exploring regional FTAs beyond ASEAN to diversify their trade relationships and reduce reliance on NRTPs. Reciprocal FTAs, such as Economic Partnership Agreements (EPAs), also offer a platform for deeper integration, including investment, services, and regulatory cooperation, areas typically excluded from NRTPs.

The transition of ACP preferences to reciprocal ACP–European Union EPAs according to the terms of the ACP–European Union Cotonou Partnership Agreement (CPA) between 2002 and 2007 offers a useful example where market access disruption under unilateral preferences was avoided by the formation of reciprocal FTAs in the form of EPAs. Without moving to EPAs non-LDC ACP States would have lost unilateral ACP preferences with the expiration of CPA in 2007.

Following the conclusion of ACP-European Union EPAs, preference margin improved during the transition to EPAs thanks to the EPA premises of offering EBA-equivalent market access conditions. ACP preference coverage increased from 86 per cent in 2005–2009 to 99 per cent by 2020–2023, and preference utilization improved significantly from 44 per cent to nearly 80 per cent.[41] This shows the relevance of securing sound transition from unilateral to reciprocal preferences.

However, the negotiation and implementation of reciprocal FTAs require significant institutional capacity and stakeholder coordination, which may pose challenges for newly graduated LDCs. Given

[38] See UNCTAD (2025), GSTP Ministerial Meeting – Joint Communiqué adopted on 22 October 2025, GSTP/CP/SS/U16/1.
[39] See United Nations (2017), World Population Prospects: The 2017 Revision, ESA/P/WP/248.
[40] UNCTADStat.
[41] UNCTAD GSP database.

the asymmetry in existing market access conditions and productive capacities, the international community can collectively study to identify essential elements or "template" of model FTA provisions that could embed flexibility for LDCs and preserve their existing market access while securing enhanced commitments for partners in trade facilitation, regulatory cooperation, and capacity building.

Sustaining foreign direct investment inflows can mitigate impacts of changes in non-reciprocal trade preferences.

Beyond trade, the loss of preferences can trigger investment outflows, value chain disruption, and job losses, contradicting the goal of enabling countries to graduate from dependence toward sustainable industrialization.

NRTPs have historically encouraged FDI by expanding bilateral and regional value chains, from raw materials to finished goods. Empirical studies show that stronger preferential access correlates with higher investment by multinational enterprises from preference-granting countries.

However, uncertainty over market access discourages long-term investment. FDI inflows to LDCs rose by 11.3 per cent annually during 1994–2014, when trade policy certainty was low, but fell to -1.2 per cent between 2015 and 2023 as uncertainty increased.[42]

It is therefore worth exploring ways to retain or attract FDI during transitions in NRTPs. Integrating outward FDI promotion with development assistance – through guarantees, financial support, and facilitation – could help sustain investor confidence and maintain value chains.

Enhanced international dialogue can help modernize trade preferences.

Non-reciprocal trade preferences remain vital for many developing countries' export strategies, but their design, implementation, and renewal involve inherent fragilities. As reforms advance, greater coordination, transparency, and broader beneficiary participation are essential. Exporters in preference-dependent countries will be deeply impacted by evolving preference-granting country policies.

For LDCs, the costs of abrupt change are particularly high, underscoring the need for smooth transitional mechanisms and adequate adjustment periods.

Historically, NRTP reforms have been driven unilaterally by preference-granting countries, often without sufficient input from beneficiaries. Creating a structured platform for dialogue, bringing together preference-granting and beneficiary countries, can help correct this asymmetry, foster shared learning, and support co-design of modernized NRTPs.

Reviving mechanisms such as the Special Committee on Preferences, originally established under UNCTAD II, could provide an institutional anchor (UNCTAD, 2024). A modernized version could guide adaptation of NRTPs, monitor progress, and support post-preference assistance tailored to the evolving needs of developing countries.

[42] UNCTAD calculations based on UNCTADStat and World Uncertainty Indicators, computed by Hites Ahir, Prof. Nicholas Bloom and Davide Furceri.

Conclusion

NRTPs have long provided a critical avenue for export-led growth in developing economies. By granting privileged market access through reduced or zero-tariff entry, these schemes have supported industrialization, economic diversification, and stronger linkages between producers in developing countries and consumers in advanced markets.

Yet, the predictability of NRTPs has weakened in recent years amid rising unilateralism, geopolitical tensions, and a broader trend toward economic fragmentation. Preference withdrawals, programme expirations, and non-renewals have frequently resulted in tariff increases. The unilateral imposition of high tariffs in the United States in 2025 has resulted in the practical termination of many existing NRTPs, raising applied tariffs beyond MFN levels.

Against this backdrop, the report sought to address the following questions:

- What are the trade impacts of changes in preferential market access to preference-receiving developing countries and LDCs?
- What are the factors that influence such trade impacts?
- How can one shape preferential market access for developing countries and LDCs to foster a more stable development path?

The following points emerged from the analysis:

- The loss of preferential market access conditions can result in substantial decrease in exports of preference-receiving countries. The past case of the expiration of the United Sates GSP showed a sizable fall in imports to the United States under GSP following its expiration in the context of growing overall imports. The cases of preference withdrawal from individual countries (Bangladesh, Cambodia and Ethiopia) highlighted asymmetric effects depending on their initial conditions. The effect fell most heavily on those that had successfully leveraged preferential access to drive exports thanks to high preference margins, coverage and utilization, supported by favourable rules of origin.
- The model-based estimates of the impact of new tariffs introduced in the United States in 2025 and possible preference losses resulting from LDC graduation suggest sharp declines in bilateral and global exports for the affected countries. With average tariffs on LDCs climbing to 13 per cent due to the new United States tariffs, the effect would fall most heavily on LDCs, especially on those specializing in manufactured exports. LDCs as a group would see their bilateral exports to the United States fall by 45 per cent. On the other hand, LDC graduation could lead to loss of preferential access in many major markets and even more significant reductions in total exports of graduating LDCs, as high as 32 per cent in the case of Bangladesh.
- Among the factors determining the extent of trade effects from the preference losses are the degree of export concentration in preference-offering markets, export product composition, preference margin, coverage and utilization, as well as the existence of alternative preferential trade arrangements.
- Given the existence of genuine risks, any policy shifts with the potential to cause adverse effects must be gradual to allow affected countries to prepare and adjust. Smooth and sustainable transition periods are therefore essential to safeguard trade relationships, production capacity, and investment flows nurtured under NRTPs. Equally

important is the preservation and strengthening of existing preference schemes, alongside efforts to enhance their predictability, stability, and security across all markets. Such measures would help offset the adverse effects of preference erosion in any single market.

- Going forward, as 14 LDCs are preparing for graduation from the LDC status, bilateral FTAs, South-South trade cooperation, new market access cooperation and supply-side support will emerge as increasingly important complement to NRTPs as countries graduate from their coverage.
- The uncoordinated and voluntary nature of NRTPs, and the limited role of preference-receiving countries in shaping NRTPs, highlight the case for greater international coordination. Establishing structured mechanisms – potentially under the auspices of UNCTAD – would enable more inclusive dialogue between preference-giving and preference-receiving countries, as well as among granting countries, ensuring that NRTPs remain a viable instrument for sustainable and equitable global trade.

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Annexes

Annex 1.
Non-reciprocal trade preferences for least developed countries: Granting economies

The following is a list of the granting economies of non-reciprocal trade preferences for least developed countries:

- Armenia (Eurasian Economic Union)
- Australia
- Belarus (Eurasian Economic Union)
- Canada
- Chile
- China
- European Union
- Iceland
- India
- Japan
- Kazakhstan (Eurasian Economic Union)
- Kyrgyz Republic (Eurasian Economic Union)
- Montenegro
- Morocco
- New Zealand
- Norway
- Republic of Korea
- Russian Federation (Eurasian Economic Union)
- Switzerland
- Taiwan, Province of China
- Tajikistan
- Thailand
- Türkiye
- United Kingdom
- United States of America

Annex 2.
Non-reciprocal trade preferences: Key features and recent developments

The following table shows a complete list of non-reciprocal trade preferences, by key features and recent developments.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
Australia[1]	Australian System of Tariff Preferences (ASTP)	1966[2]	NA	In force.	179	No recent reforms.	NA	NA	NA
Australia and New Zealand	South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)[3]	1981	NA	In force.	13	No recent reforms.	Hybrid – Product treatment can change in case of serious injury to a domestic industry.	NA	High – Clear membership and stable framework. No expiration date.
Canada[4]	General Preferential Tariff (GPT)	1974	2034	In force.	106	Starting on 1 January 2025: Eased rules of origin for apparel and shipping requirements; 16 countries graduated from the scheme and 2 countries reinstated.	Objectives: Two consecutive years of classification as an upper-middle- or high-income economy by the World Bank; or A minimum global exports share of 1 percent for two consecutive years according to WTO data. Former beneficiaries can be reinstated if falling below upper-middle income status and the 1 per cent global exports threshold over two consecutive years.	NA	High – Clear criteria, legally secure for a decade.
Canada[5]	General Preferential Tariff Plus (GPTP)	Not yet into force.	2034	Not yet into force.	NA	Intended to be a new program that provides expanded tariff preferences, going beyond GPT benefits, aligned with European Union GSP+ and Canada's broader trade policies.	Eligibility – GPT beneficiaries that abide by certain international standards and work to improve conditions relating to human rights, labour rights, and sustainable development, including environmental protection.	Labour rights, sustainable development, environment, governance.	Medium – Long duration but entry and monitoring could be politicized.
Canada[6]	Least Developed Country Tariff (LDCT)	1983	2034	In force.	49 LDCs. Based on the United Nations list of least developed countries* but subject to the discretion of the Governor-in-Council.	Simplified rules of origin and shipping procedures, aligned with GPT. Additional support to facilitate transition of former LDCs in regard to market access. Cape Verde, Samoa, Vanuatu, and Tuvalu graduating in 2025.	Hybrid – United Nations LDC status subject to the discretion of the Governor-in-Council, on the recommendation of the Minister of Finance.	NA	Medium – Long duration and three-year transition period for graduating LDCs. Eligibility subject to discretion.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
Canada	Caribbean-Canada Trade Agreement (CARIBCAN)	1986	2033	In force.	NA	NA	NA	NA	NA
Chile[7]	LDC Scheme	2014	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	NA	Objective – Based on the United Nations list of least developed countries*	NA	Medium – Long duration. Eligibility based on the United Nations list of least developed countries.* No transition period.
China	LDC Tariff Scheme	2010	NA	In force.	No list publicly available.	In 2024, it is announced that China will give all the least developed countries having diplomatic relations with China zero-tariff treatment for 100 per cent tariff lines.[8] In 2025, China announced a zero-tariff treatment granting duty-free access to all 53 African countries with which it maintains diplomatic relations.[9]	Hybrid – Based on the United Nations list of least developed countriess* that have diplomatic relations with China. An expansion of the scheme covering all 53 African countries with diplomatic relations with China has been announced.	None stated.	Medium – Political criteria for eligibility.
Eurasian Economic Union	Common System of Tariff Preferences	2016	NA	In force.	78 developing and LDCs.[10]	List of beneficiaries amended in 2025. Jordan, Lebanon and Samoa have been added, and Marshall Islands and El Salvador have been removed.	Hybrid – Countries that are not classified by the World Bank as high-income countries or upper-middle income countries. Political considerations embedded as exclusion criteria.	Exclusion of products if import of preferential goods is sensitive to the existing production of similar goods in the territory of the EAEU Member States, or if the Commission has set tariff quotas for the respective goods. Suspension of preferences for drug trafficking, weak anti-money laundering and anti-terrorism measures, unfriendly actions towards EAEU members, or surpassing thresholds.[11]	Medium – Political criteria for eligibility.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
European Union[12]	Generalised Scheme of Preferences (GSP)	1971	2027	In force.	11 low and lower-middle income countries not benefitting from another preferential trade arrangement.	Reform planned for 2028; Lower product graduation thresholds, more environmental protection, more flexibility to withdraw preferences.	Objective – LIC/LMIC income; graduation at UMIC level, product graduation based on thresholds.	Suspension due to serious violation of the 27 conventions, prison labour, customs control for drugs, unfair trade practices.	High – Clear legal and procedural framework.
European Union[13]	Generalised Scheme of Preferences + (GSP+)	2014	2027	In force.	8 vulnerable low- and lower-middle income countries implementing 27 international conventions.	Reform planned in 2028; transition period and request of implementation plans for new requirements, increase list of conventions to comply with, more transparency, more flexibility to withdraw preferences.	Hybrid – Vulnerability criterion, limited export diversification, adherence to 27 conventions. A beneficiary country graduates when it obtains an agreement for preferential market access or exceeds the World Bank's definition of a LMIC in three consecutive years. The ratio of the beneficiary's GSP-covered imports to the GSP-covered imports of all countries must be lower than 7.4 per cent. The value of European Union imports of the seven largest sections of GSP-covered product categories from the beneficiary must exceed 75 per cent of the European Union's total GSP-covered imports from the beneficiary over a three-year period to comply with the criterion of limited export diversification. Graduation when the beneficiary obtains a preferential trade agreement or is not considered low- or lower-middle income country by the World Bank for three consecutive years.	Suspension due to serious violation of the 27 conventions, prison labour, customs control for drugs, unfair trade practices.	Medium – Entry and monitoring could be politicized.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
European Union[14]	Everything But Arms (EBA)	2001	No expiry.	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	Reform planned in 2028; Smoother transition for graduation, more flexibility to withdraw preferences. Eligible even if the countries benefit from preferential trade agreements with the European Union. No graduation mechanism for individual products. Graduation from the scheme based on graduation from LDC status with a three-year transition period.	Objective – United Nations LDC status. Graduation from LDC status includes a 3-year transition period.	Suspension due to serious violation of the 27 conventions, prison labour, customs control for drugs, unfair trade practices. Preceded by intensified engagement with target countries.	High – Rare enforcement actions, long-term structure.
Iceland[15]	Generalized System of Preferences (GSP)	2002	NA	In force.	48 LDCs. Based on the United Nations list of least developed countries* when the scheme was first implemented.	No recent reforms.	Hybrid – List based on United Nations LDC status but not updated.	NA	High – Clear framework, no expiration date.
India[16]	Duty Free Tariff Preference (DFTP) Scheme for the Least developed countries (DFTP Scheme for LDCs)	2008	No expiry.	In force.	49 LDCs. Based on the United Nations list of least developed countries* when the scheme was first implemented.	Last reform in 2014 to expand coverage and facilitate trade.	Hybrid – Based on LDC status; suspension possible due to fraud or irregularities, where imports under this Scheme significantly exceed the usual levels of production and export capacity of a beneficiary country, graduation from LDC status, and other criteria developed by the Government of India.	Safeguard measures based on increase in imports that could threaten a domestic industry, protection of its national security, protection of public morals, protection of human, animal or plant life and health, and protection of articles of artistic, historic and archaeological value.	Medium – Stable but open to subjectivity regarding irregularities

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
Japan[17]	Generalized System of Preferences (GSP)	1971	2031	In force.	126 developing countries and 4 territories.	Latest reform in 2016 changed graduation criteria.	Hybrid: Economy of the country or the territory must be in the stage of development. The territory must have its own tariff and trade system. The country or the territory desires to receive preferential tariff treatment under the GSP scheme. The beneficiaries must be prescribed by a Cabinet Order as a country or a territory to which such preferences may appropriately be extended. Only LDCs as identified by the United Nations are eligible for special preferential treatment for LDCs. Graduation based on income and the value of Japan's imports from the beneficiary. Yearly review of countries, territories, and products.	Preferential treatment may be suspended temporarily if preferential imports of a product cause or threaten to cause damage to a domestic industry. Products can be excluded for 3 years if its imports from a developing country account for more than 50 per cent of its exports to Japan and over 4.5 million yen.	Medium – Longstanding and automatic processes, discretion in the eligibility.
Japan[18]	LDC Scheme	1971	2031	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	No recent reforms.	Objective – Based on the United Nations list of least developed countries.*	Same as for the Japan GSP scheme except the product exclusion rule of 50 per cent of imports and 4.5 million yen.	High – Stable and transparent
Montenegro	LDC Scheme	2016	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	No recent reforms.	Objective – Based on the United Nations list of least developed countries.*	NA	High – Stable and clear eligibility criteria.
Morocco	Scheme for African LDCs	2001	NA	In force.	33 African LDCs.[19]	No recent reforms.	Hybrid – Geographical and United Nations classification criteria.	NA	High – Stable and transparent.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
New Zealand	Generalised System of Preferences (GSP)	1972	NA	In force.	162 less developed and least developed countries and territories.[20]	In 2023, a reform added 24 countries to the list of less developed countries, removed 4 countries from the list of less developed countries, moved 5 countries from the list of least developed countries to the list of less developed countries, and added 1 country to the list of least developed countries.	NA	NA	NA
Norway	Generalised System of Preference (GSP)	1971	NA	In force.	119 developing and least developed countries and territories.[21]	In 2025, changes have been implemented for Vanuatu, Algeria and Equatorial Guinea. Cook-island is no more at part of the GSP-system.	NA	NA	Medium – stable programme, eligibility criteria not explicit.
Republic of Korea	Preferential Treatment to Least Developed Countries	2000	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries*.[22]	Recent reforms include eligibility for Nepal, Bangladesh, Lao People's Democratic Republic, Solomon Islands, Sao Tomé and Principe, Bhutan, Cambodia and Senegal.	Objective – Based on the United Nations list of least developed countries.*	Suspension for products whose importation increases and causes or is likely to cause serious damage to the domestic industry producing the same goods or goods that directly compete with such specific goods.	High – Stable and clear eligibility criteria.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
Switzerland	Generalized System of Preferences (GSP)	1972	NA	In force.	88 developing and LDCs.[23]	India, Indonesia and Moldova transitioned to partnership agreements.	NA	Tariff preferences may be suspended for goods from more advanced developing countries if their granting leads or risks leading to the exclusion of goods from other developing countries. Preferences are also suspended for competitive countries. A country is considered competitive in international trade when its share of world exports in the relevant products exceeds 3.25 per cent on average over the last three years.	Medium – stable programme, eligibility criteria not explicit.
Taiwan, Province of China	LDC scheme	2003	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	No recent reforms.	Objective – Based on the United Nations list of least developed countries.*	NA	High – Stable and clear eligibility criteria.
Tajikistan	LDC scheme	2003	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	No recent reforms.	Objective – Based on the United Nations list of least developed countries.*	NA	High – Stable and clear eligibility criteria.
Thailand	LDC scheme	2015	NA	In force.	46 LDCs. Based on the United Nations list of least developed countries.*	No recent reforms.	Objective – Based on the United Nations list of least developed countries.*	NA	High – Stable and clear eligibility criteria.
Türkiye	Generalised System of Preferences	2002	NA	In force.	66 developing and least developed countries and territories.[24]	No recent reforms.	NA	NA	Medium – stable programme, eligibility criteria not explicit.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
United Kingdom[25]	Developing Countries Trading Scheme (DCTS) – Standard Preferences	2023	No expiry.	In force.	2 developing countries.	Scheme entered into force in 2023. Graduation based on UMIC status.	Objective – Based on income threshold (non-vulnerable LMICs).	Suspension due to serious and systematic violations of the human rights and labour rights, or has engaged or is engaging in acts or omissions which seriously and systematically undermine the object and purpose of the conventions listed. Trade preference safeguard measures are in place in case imports under the DCTS cause or threaten to cause serious difficulties to United Kingdom producers of competing goods.	High – Automatic eligibility and clear criteria.
United Kingdom[26]	Developing Countries Trading Scheme (DCTS) – Enhanced Preferences	2023	No expiry.	In force.	16 developing countries.	Scheme entered into force in 2023. Economic vulnerability review expected within 1 year of the launching of the scheme. Graduation based on economic vulnerability.	Hybrid – LIC and LMICs that are not LDCs and economic vulnerability based on export diversification.	Suspension due to serious and systematic violations of the human rights and labour rights, or has engaged or is engaging in acts or omissions which seriously and systematically undermine the object and purpose of the conventions listed. Trade preference safeguard measures are in place in case imports under the DCTS cause or threaten to cause serious difficulties to United Kingdom producers of competing goods.	Medium – Entry subject to review and monitoring.

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
United Kingdom[27]	Developing Countries Trading Scheme (DCTS) – Comprehensive Preferences	2023	No expiry.	In force.	47 LDCs.	Scheme entered into force in 2023. Graduation based on United Nations LDC status. 3-year transition period.	Objective – United Nations LDC status; graduation follows United Nations process.	Suspension due to serious and systematic violations of the human rights and labour rights, or has engaged or is engaging in acts or omissions which seriously and systematically undermine the object and purpose of the conventions listed. Trade preference safeguard measures are in place in case imports under the DCTS cause or threaten to cause serious difficulties to United Kingdom producers of competing goods.	High – Transparent, aligned with the United Nations list of least developed countries.*

Country / Region	Scheme name	Entry into force	Expiration / Review date	Status	Beneficiaries	Recent reforms or developments	Eligibility and graduation rules	Conditionalities	Predictability and policy certainty
United States[28]	AGOA	2000	Expired in 2025.	Expired.	32 developing countries.	Scheme not extended beyond 30 September 2025.	Hybrid – Sub-Saharan African countries that are making continual progress toward establishing a market-based economy; the rule of law, political pluralism, and the right to due process; The elimination of barriers to United States trade and investment; Economic policies to reduce poverty; a system to combat corruption and bribery; and the protection of internationally recognized worker rights. In addition, the country may not engage in activities that undermine United States national security or foreign policy interests or engage in gross violations of internationally recognized human rights.	Governance, human rights, rule of law, United States security.	Low – Political renewal process and exclusion criteria.
United States[29]	Generalized System of Preferences (GSP)	1974	Expired in 2020.	Expired.	119 countries and territories.	Awaiting Congressional examination; Subject of political debate.	Hybrid – Developing countries eligible but with ample discretion for the United States President.	Child labour, worker rights, communist countries, protection of intellectual property rights, policies against United States citizens or interest.	Low – Expired with no clear reauthorization path, ample power of United States President to determine eligible countries and limit product eligibility.
United States	Caribbean Basin Economic Recovery Act (CBERA)	1984	NA	In force.	17 countries and territories.[30]	No recent reforms.	NA	NA	Medium – Stable programme, eligibility criteria not explicit.
United States	Hemispheric Opportunity through Partnership Enhancement for Haitian Prosperity (HOPE) and Haiti Economic Lift Program (HELP)	2006	Expired in 2025.	Expired.	1 country (Haiti).	Awaiting Congressional examination; Subject of political debate.	NA	NA	NA

Source: UNCTAD compilations.

* The United Nations list of least developed countries is available at https://unctad.org/topic/least-developed-countries/list

Notes

1 For more information, see Australian Border Force, Benefits under ASTP.

2 For more information, see Australian Border Force (2025), Preferential Rules of Origin, Guide to claiming preferential rates of customs duty under preferential arrangements other than Free Trade Agreements.

3 For more information, see Australian Treaty Series, South Pacific Regional Trade and Economic Cooperation Agreement,1982 No. 31.

4 For more information, see Government of Canada, Canada's unilateral tariff preference programs for imports from developing countries.

5 Idem.

6 Idem.

7 For more information, see Biblioteca del Congreso Nacional de Chile, Decreto 1432.

8 For more information, see The State Council, The People's Republic of China, China expands zero-tariff policy for least developed countries.

9 For more information, see Ministry of Foreign Affairs, The People's Republic of China, China-Africa Changsha Declaration on Upholding Solidarity and Cooperation of the Global South.

10 For more information, see the full list of developing beneficiary countries of the Eurasian Economic Union's Common System.

11 For more information, see Regulation on the Terms and Procedure for the Application of the Eurasian Economic Union's Common System.

12 For more information, see European Commission, Generalised Scheme of Preferences.

13 Idem.

14 Idem.

15 For more information, see World Trade Organization, notification from Iceland, WT/COMTD/N/17.

16 For more information, see Duty-Free Tariff Preference (DFTP) Scheme by India for Least Developed Coutries (LDCs).

17 For more information, see Ministry of Foreign Affairs of Japan, Japan's GSP.

18 Idem.

19 For more information, see Administration des douanes et impôts indirects.

20 For more information, see New Zealand Legislation, Tariff (Less Developed Countries and Least Developed Countries) Order 2023.

21 For more information, see Tolletaten Norgewian Customs, Countries that are part of the Norgewian GSP-System.

22 For more information, see Ministry of Government Legislation, Korean Law Information Center.

23 For more information, see Confédération suisse, Registered exporter.

24 For more information, see Turkey's Generalised System of Preferences and List of GSP Beneficiary Countries.

25 For more information, see GOV UK, Developing Countries Trading Scheme (DCTS).

26 Idem.

27 Idem.

28 For more information, see Office of the United State Trade Representative, African Growth and Opportunity Act (AGOA).

29 For more information, see Office of the United State Trade Representative, Generalized System of Preferences.

30 For more information, see Harmonized Tariff Schedule of the United States Revision 2 (2026).

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