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Achieving the Trade Targets of Millennium Development Goal 8: Status in the Least Developed Countries of Asia and the Pacific

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Abstract:

This paper examines the progress made so far in achieving the trade targets of Millennium Development Goal 8 ("Building a Global Partnership for Development") with respect to the Least Developed Countries (LDCs) of Asia and the Pacific. The paper uses data from the OECD, WTO and UNDP, among others, to measure the MDG indicators 8.6, 8.7 and 8.9 with respect to these countries, thereby quantifying some of the impacts in these countries of recent global and national policy changes in the areas of market access, tariff preferences for LDCs and Aid for Trade. This paper concludes that while the market access commitments of the Hong Kong WTO Ministerial Declaration of 2005 have largely been met and LDCs of the Asia-Pacific benefit disproportionately from Aid for Trade, the overall share of LDC exports as a part of total world exports has not increased over the past decade. In its conclusion, this paper suggests that other factors such as non-tariff barriers and product competitiveness play a significant role and should become policy priorities of better targeted Aid for Trade.

Keywords: MDG 8, least developed countries (LDCs), Asia, Pacific, market access, tariff-free, quota-free, MDG indicators 8.6, 8.7 and 8.9, supply capacity, aid for trade.

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Abbreviations and acronyms	
DDA	Doha Development Agenda
ESCAP	Economic and Social Commission for Asia and the Pacific
LDC	Least Developed Countries
LLDC	Landlocked Developing Countries
MDGs	Millennium Development Goals
MFN	Most-Favored Nation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
WTO	World Trade Organization

I. Introduction

In the year, 189 nations adopted the United Nations Millennium Declaration, from which the eight Millennium Development Goals (MDG) are derived. Of these eight goals, the first seven commitments, including eradicating poverty, achieving universal primary education and combating diseases, were made primarily by national Governments in favor of their constituents. In contrast, the eighth MDG (MDG 8) is a commitment by all countries to cooperate and share resources to achieve these goals. Indeed, all countries recognized that given the historic inequities and the interdependent nature of the global economy, developing countries in particular require support from the international community as a whole in order to achieve the first seven MDGs. Accordingly, MDG 8 calls for a global partnership for development and proposes a number of concrete measures of improvements of this partnership in the areas of official development assistance (ODA), trade, external debt, and access to essential medicines and technology, in order to generate the resources, opportunities and skills needed for countries to achieve the first seven MDGs.

Global progress on MDG 8 trade targets

With the 2015 target year for achieving the MDGs only five years away, how much progress has been made in reaching a global partnership for development, in particular in the area of trade? At the global level, there are still wide gaps between the MDG 8 targets and the current state of progress (United Nations, 2008 and 2009).[2] The most significant implementation gap is due to the slow progress of the Doha Round of trade negotiations, which started in 2001 and is yet to be concluded. The 2001 Doha Ministerial Declaration promised to rebalance WTO rules in favor of developing countries, including by achieving duty- and quota-free market access with universal product coverage for exports of least developed countries to developed countries. So far, some progress has been made in the area of Non-Agricultural Market Access on tariff reduction formulas, as well as in the area of trade in services. Still, if and when the round is completed, the results of the round may prove to be less favorable to developing countries than the name Doha Development Agenda would suggest and the 2001 Doha Ministerial Declaration originally called for.

A second major reason behind the implementation gap for MDG 8 is the global economic crisis which started in 2008, and continued throughout 2009 and into the first quarter of 2010 in some sub-regions. The budget constraints caused by falling fiscal revenues and stimulus package expenditures have limited countries' capacity to significantly increase their official development assistance (ODA) to poorer countries, or forego tariff revenues by lowering their own tariffs or providing preferential treatment to LDCs. While OECD data[3] suggests that official development assistance (ODA) to developing countries in fact rose from US$107.9 billion in 2005 to US$128.6 in 2008, most developed countries are still far from reaching the United Nations target of 0.7 per cent of gross national income for official development assistance.

In addition, a significant number of protectionist and trade-distorting measures have been implemented by countries seeking to safeguard national industries and jobs (WTO, 2009 and Global Trade Alert, 2009; United Nations, 2009). Such measures included increased import tariffs, non-tariff barriers (including administrative measures, subsidies and anti-dumping measures) as well as potentially trade-distorting domestic subsidies and national stimulus packages. While a global return to protectionism and a resulting widespread reduction of international trade seems to have been avoided, such policies have caused more disharmony in the international trading system. In addition, the effect of these measures is contrary to the aim of MDG 8 as they lead to less transparent policies, and less accessible markets.

[2] In contrast to other MDGs, the targets of MDG 8 are not numerically defined. Rather, the targets of MDG 8 are general declarations of intent, as outlined in Table 2 below.
[3] http://stats.oecd.org/qwids/

Taking stock of progress on MDG 8 for Asia-Pacific LDCs

While the multilateral negotiations aiming towards a "global partnership for development" are stalled, some progress has nevertheless been made towards MDG 8 in the area of duty-free quota-free access for LDCs and increased Aid for Trade. The focus of this paper is to examine what progress has been achieved for the LDCs of Asia and the Pacific. Indeed, many of this region's LDCs have yet to be integrated into the global economy so as to benefit from international trade in the same way as other Asian developing countries have over the past four decades. Several factors contribute to this lack of integration into global trade. Perhaps the simplest and most difficult factor to overcome is the geographic location. As illustrated in Table 1, of the 14 least developed countries in the Asia-Pacific region, 11 are isolated from the benefits of international trade due to being locked in by land or by sea, thus causing high trade costs (Asian Development Bank, 2009).

Table 1. Features of the LDCs of Asia and the Pacific

	GDP per capita current USD (2008)	Geographic features	Population in millions (2008)	Human Development Index (2009) (1-182; 1 is highest)	World Bank Ease of Doing Business Ranking (2010) (1-183, 1 is highest)
Afghanistan	-	Land-locked	27.1 *(2007 data)*	181	160
Bangladesh	494	-	160.0	146	119
Bhutan	1,979	Land-locked	0.7	132	126
Cambodia	651	-	14.7	137	145
Kiribati	1,357	Island	0.1	-	79
Lao PDR	837	Land-locked	6.2	133	167
Maldives	4,059	Island	0.3	95	87
Myanmar	-	-	49.2	138	No data
Nepal	441	Land-locked	28.6	144	123
Samoa	2,883	Island	0.2	94	57
Solomon Islands	1,276	Island	0.5	135	104
Timor-Leste	453	Island	1.1	162	164
Tuvalu	-	Island	-	-	No data
Vanuatu	2,481	Island	0.2	126	59

Source: GDP and population: Database of World Development Indicators, World Bank (2009) except for the population of Afghanistan, which is based on the ESCAP (2009); Human Development Index: UNDP (2009); World Bank, Doing Business 2010 Report (2010).

This paper examines the extent to which the trade-related targets of MGD 8 are being achieved by and with respect to the 14 LDCs of the Asia-Pacific region listed above. Part II of this paper outlines the trade-related goals and indicators relevant for our study. Part III presents evidence on the extent of tariff-free market access enjoyed by LDCs for various categories of exports to developed market economies, as well as information on average import duties for selected export commodity groups. Part IV explores recent trends in official development assistance in the area of trade, also known as Aid for Trade. The conclusion offers some recommendations for policymakers in both least developed and other countries.

II. Trade targets and indicators of MDG 8

Of the six sub-targets identified for MDG 8, "improving the global partnership for development," three pertain directly to trade (see Table 2).[4] Target 8.a, the main trade-related target of MDG 8, calls for the further development of an open, rule-based, predictable, non-discriminatory trading and financial system, while two subsidiary targets, 8.b and 8.c address the special needs of LDCs, Landlocked Developing Countries (LLDCs) and small island developing states, respectively. The non-trade targets of MDG 8 aim to strengthen international cooperation to shore up the financial health of poor countries, as well as improve access to medicine and to technology under more equitable terms.

Table 2. MDG 8: Trade targets and indicators

Targets	**Indicators**
Trade targets **8a: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system** ***Trade and non-trade targets*** **8b: Address the special needs of the least developed countries** **8c: Address the special needs of landlocked developing countries and small island developing States** ***Non-trade targets*** **8d: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term** **8e: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries** **8f: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications**	*Trade indicators* 8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty 8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries 8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product 8.9 Proportion of ODA provided to help build trade capacity

Source: United Nations Development Programme (UNDP), www.undp.org/mdg/goal8.shtml

In adopting the above listed targets and indicators, countries recognized that in order for trade to serve as an engine of growth, improvements to the current global trading system are required both on the demand and supply sides. On the demand side, it is crucial to improve access to markets that can absorb products and services from the developing and least developed countries by removing tariff and non-tariff barriers.

On the supply side, the last few years have seen an increased emphasis on addressing trade-capacity constraints in developing countries through Aid for Trade. Indeed, decades worth of experience with preferential schemes such as the Generalized System of Preferences (GSP) have proven that merely

[4] Since the adoption of the MDG Declaration in 2000, including Goal 8, there have been some adjustments in the number of targets and indicators. In particular, one of the targets originally listed under MDG 8 was reclassified under MDG 1.

improving market access is insufficient as long as countries lack the productive capacity to utilize the awarded market access. Developing countries need assistance on the supply side to improve capacity and build new skills to produce goods and services and to more efficiently reach global markets. As a result, one of the indicators used to measure progress towards MDG 8 is the proportion of ODA allocated to building the supply side and productive capacity of the developing countries, including through Aid for Trade.

Part III examines the extent to which progress on the demand side has been achieved, and how such progress benefits the LDCs of Asia and the Pacific. Part IV reviews recent improvements of supply-side capacity.

III. Improving demand-side conditions: enhancing market access for LDC exports

Market access conditions are typically determined by the tariff and non-tariff measures (NTMs) imposed by trading partners. Avenues for improving the market access conditions facing LDCs encompass the traditional avenue of removing tariffs and NTMs through multilateral trade negotiations under the WTO, preferential trade liberalization between two or more countries through various trade agreements, and unilateral (non-reciprocal) preferences given by trading partners, for example under the Generalized System of Preferences Scheme (GSP). Each of these avenues is explored below.

Market access for LDCs on a most-favoured nation basis (MFN)

Out of 14 LDCs in the Asia-Pacific region, six joined the WTO since its establishment in 1995[5] (see Table 3). Five out of the 14 LDCs are currently or were in the past negotiating their accession and are thus entitled to observer status.

WTO accession is still the only means of gaining market access on a Most Favoured Nation (MFN) basis to the markets of the 153 developed and developing members of the WTO.[6] The WTO agreements also provide for special and differential treatment for developing countries and especially LDCs, and offer the most stability and predictability of all trading rules achieved to date. The WTO's Dispute Settlement Agreement has established mechanisms for the interpretation of trade law and the resolution of trade disputes, thereby ensuring the enforceability of trade rules. The WTO thus offers low-income countries a forum in which trade disputes, including involving large trading partners, can be resolved on the basis of law rather than political weight.

In addition, WTO membership can yield further benefits which are difficult to quantify but may be equally important. For example, by complying with the transparency and reporting requirements under the WTO, countries can anchor, strengthen and clarify their national trade policies and provide better information to industry, thereby sending positive signals to foreign investors and to the domestic private sector.

[5] Bangladesh, Myanmar and Maldives were previously members of the General Agreement on Tariffs and Trade (GATT) and automatically became members of the WTO upon its creation; Cambodia, Nepal and Solomon Islands joined later.

[6] Any individual WTO member may grant MFN status to a non-member. This is a unilateral act of the country providing such status and may be revoked at any time.

Table 3. Status of Asia-Pacific LDC membership in the WTO

	WTO member since	Observer since
Afghanistan	-	2004
Bangladesh	1995	-
Bhutan	-	1998
Cambodia	2004	-
Kiribati	-	-
Lao PDR	-	1998
Maldives	1995	-
Myanmar	1995	-
Nepal	2004	-
Samoa		1998
Solomon Islands	1996	-
Timor-Leste	-	-
Tuvalu	-	-
Vanuatu	-	1995

Source: World Trade Organization, www.wto.org.

Market access for LDCs through reciprocal preferential trade agreements

Given the slow pace of the WTO accession process, as well as the delayed conclusion of the Doha Development Round negotiations, some LDCs have negotiated directly with other countries to obtain preferential market access. Indicator 8.7, which addresses the level of tariffs faced by LDCs in developed country markets, targets both MFN tariffs and preferential tariffs. However, it does not differentiate between reciprocal and non-reciprocal preferential tariffs, so it is difficult to assess the contribution of PTAs in lowering the tariffs faced by LDCs.

The ESCAP secretariat has been tracking Preferential Trade Agreements through its Asia-Pacific Trade and Investment Agreements Database (APTIAD).[7] The APTIAD database reveals that while half of the region's LDCs are not WTO members, all except one belong to one or more preferential trading blocs. Table 4 provides information on the participation of these countries in preferential trade arrangements, and lists the share of exports of the region's LDCs which are covered by such arrangements. The low numbers for many countries suggest that while preferential trade agreements are important and also are typically beneficial in other areas such as the elimination of non-tariff barriers, they cannot replace a reduction of tariffs by developed countries which remain the primary export markets for LDC products.

[7] APTIAD is complementary to the Regional Trade Agreements database managed by the WTO as it includes information on many of the region's LDCs who are not WTO members and are thus not featured in the WTO database.

Table 4. Participation of LDCs in preferential trade agreements

Country	Total number of agreements	Agreements in force, including under ratification	Notified under Enabling clause*	Number of trading partners included in PTAs in 2008	Share of exports to PTA partners in country's total exports in 2008**
Afghanistan	4	4	3	16	64%
Bangladesh	7	5	3	8	4%
Bhutan	3	3	2	11	94%
Cambodia	8	7	2	14	64%
Kiribati	2	2	1	13	6%***
Lao PDR	11	10	4	7	31%
Maldives	2	1	1	6	10%
Myanmar	9	9	3	19	90%
Nepal	3	3	1	8	67%
Samoa	2	2	1	12	74%***
Solomon Islands	3	3	2	12	2%***
Timor-Leste******	-	-	-	-	-
Tuvalu	1	1	1	11	24%***
Vanuatu	3	3	2	12	1%***

Source: Asia-Pacific Trade and Investment Agreements Database, www.unescap.org/tid/aptiad.

* Excluding early announcements and including the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), an agreement which is signed but not implemented. None of the preferential trade agreements were notified under GATS Article V.
** Based on mirror data except for Bangladesh.
*** Based on limited data coverage (only trade with Australia and New Zealand is reported)
**** Timor-Leste is pursuing a membership in the Association of Southeast Asian Nations (ASEAN) and became a member of the ASEAN Regional Forum in 2005.

Preferential market access provided unilaterally

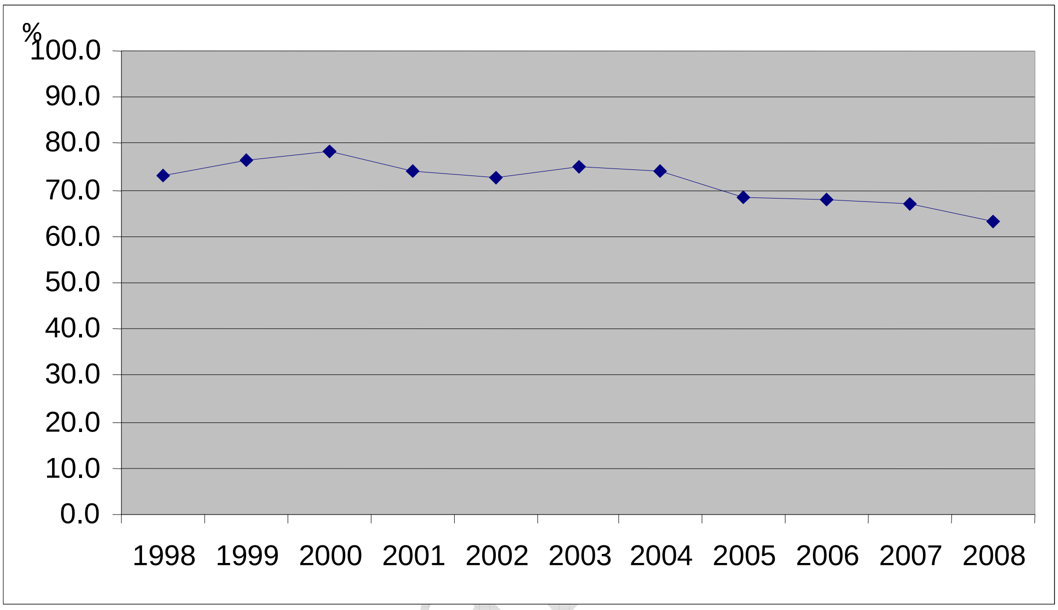
In many cases, additional market access preferences beyond MFN treatment are granted unilaterally to LDCs (in other words, on a non-reciprocal basis). Traditionally, such preferential treatment was granted exclusively by developed countries (for example under the Generalized System of Preferences which started as early as the 1960s and was initially a mainly geopolitical instrument). In the Hong Kong WTO Ministerial declaration of 2005, the developed country members, and developing country members declaring themselves in a position to do so[8] committed to providing duty-free and quota-free (DFQF) access to 100 per cent of LDC export products, though countries facing difficulties in achieving 100 per cent were allowed to provide 97 per cent with the obligation to take steps to progressively achieve compliance with the 100 per cent target. However, this 97 per cent commitment refers to individual tariff lines, not total export values.[9] This difference is important in view of the concentration of LDC exports on only a few products.

[8] Such developing countries include Singapore and Hong Kong, China for all products. Several other developing countries, such as Republic of Korea, Egypt and Mauritius, have granted duty-free quota-free access for a more limited range of products, while others still have granted duty-free quota-free access to a particular group of LDCs (e.g. India and China.) See http://www.wto.org/english/thewto_e/minist_e/min05_e/brief_e/brief16_e.htm.

[9] Also note that the indicator 8.6 which is used to track MDG 8's market access (as illustrated in Figures 2 and 3 of this paper) does not directly measure the duty-free quota-free access committed to in Hong Kong because the indicator is based on the proportion of value of imports while the duty-free quota-free commitment refers to the proportion of tariff lines.

Such duty-free access to developed markets is especially important to the LDCs of Asia and the Pacific because developed country markets remain the most important export destination for goods produced in the LDCs of the Asia-Pacific region, despite a rise in South-South trade in recent years. As illustrated in Figure 1, over the past ten years, between 60 per cent and 80 per cent of all exports from the 14 LDCs of the Asia-Pacific region were destined to developed country markets.

Figure 1. Share of Asia-Pacific LDC merchandise exports directed to developed country markets



Source: Calculated based on COMTRADE data downloaded from World Integrated Trade Solution

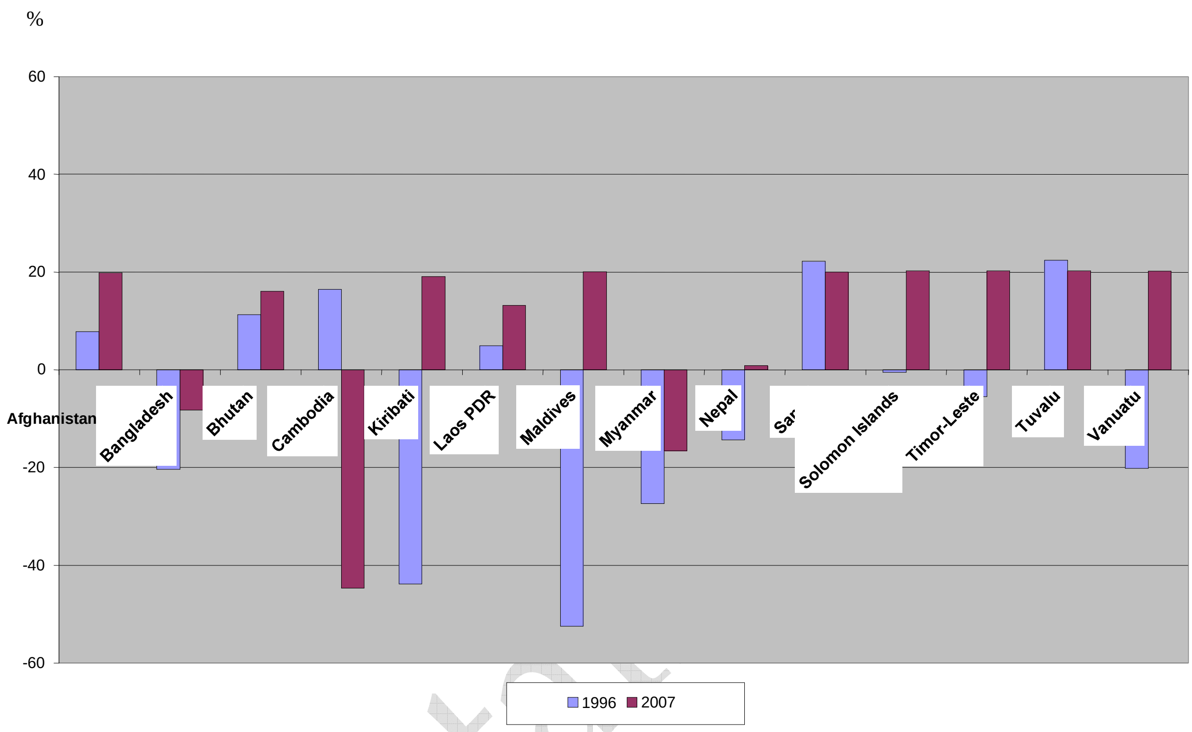
Globally, 79 per cent[10] of exports of LDCs to the markets of developed countries received duty-free access in 2007 (United Nations, 2008). As illustrated in Annex I, there has been little progress in increasing duty-free access since 2005 (United Nations 2009, pp. 27-30). In fact, the duty-free access for LDC exports fell by 0.44 per cent from 2005 to 2007, while it increased for all developing country by 3 per cent (see also Annex 1). Furthermore, the duty-free proportion for Asian LDCs remains much lower than for the African or small island LDCs.

Based on data for individual countries in Annex I, Figure 2 shows the percentage point difference in size of proportion of each country' imports with duty-free admittance to developed country markets relative to the proportion of the world-wide LDC group in 1996 and 2007. For example, in 1996 the proportion of Afghanistan's export to developed markets accepted duty-free was by almost 8 percentage points larger than the average of the all LDCs, and by 2007 this difference increased to almost 20 percentage points. In contrast, Bangladesh was at a deficit in its share of the duty-free access to the market compared to the average for all LDCs in both years, although the difference was reduced from 20.3 to 8.3 percentage points. Similar to Bangladesh, exports from Cambodia and Myanmar were also treated less preferentially than the

[10] This number is compiled based on the proportion of total imports (by value and excluding arms) by developed countries from least developed countries which are admitted free of duty. It should be noted, however, that imports are considered duty-free whenever the statutory tariff rates for the goods are zero. This does not mean that the duties actually paid are zero, as other restrictions, such as stringent rules of origin, may exclude the duty-free access. The actual share of duty-free imports could thus be lower than those presented in this paper.

LDC average in 2007, while Kiribati, Maldives, Nepal, Timor-Leste and Vanuatu experienced improvement from 1996 to 2007 relative to the average of all LDCs.

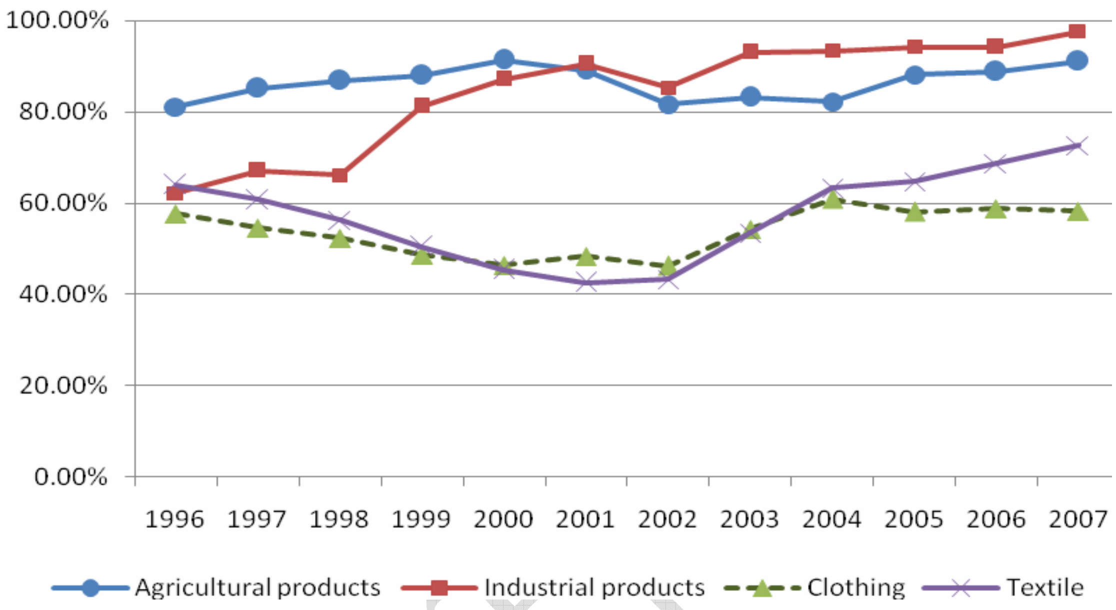
Figure 2. Difference in Proportion of Duty-free Access to Developed Countries' Markets Between Individual LDCs in Asia-Pacific and all LDCs



Source: compiled using data provided by UNCTAD, ITC and WTO, available at www.mdg-trade.org

Furthermore, as illustrated in Figure 3, there are significant variations in the duty-free access granted to Asia-Pacific LDC exporters across various groups of products. Agricultural products have maintained a high proportion of duty-free access, but were nevertheless surpassed by industrial products whose duty-free proportion rose sharply in the late 1990s. Clothing exported from LDCs gets only limited duty-free treatment – less than 60 per cent of imports from Asia-Pacific LDCs were accepted duty-free in the period of 1996 to 2007. In contrast, the product group of textiles (intermediate goods) records an increase in the proportion of duty-free access, especially after 2001, but still trails industrial and agricultural products.

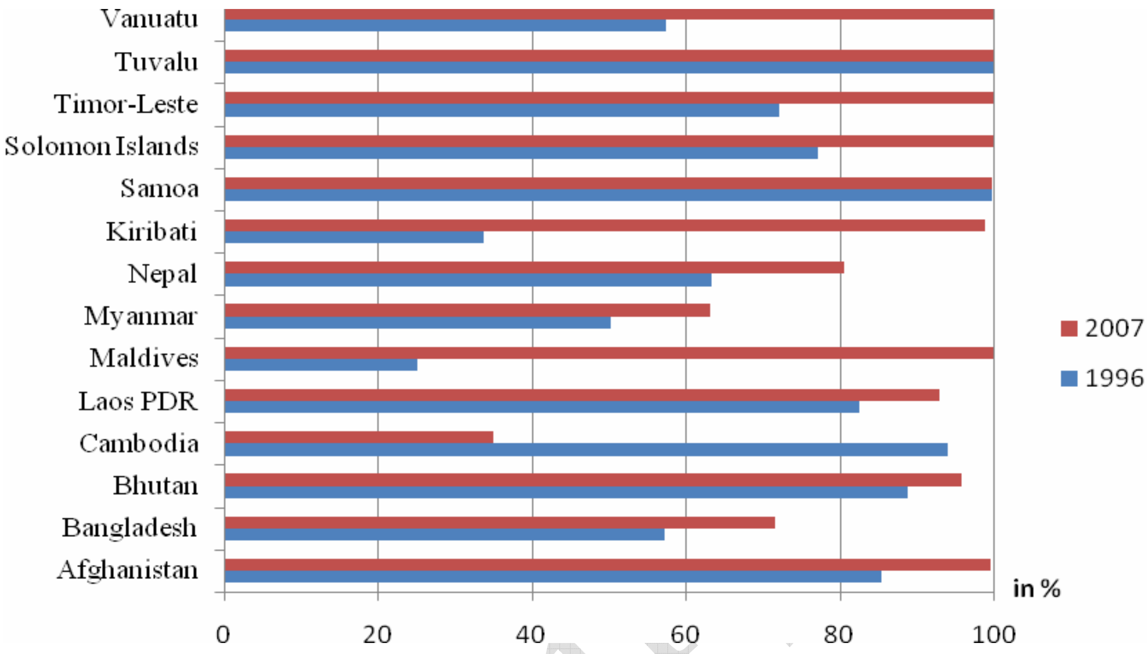
Figure 3. Variations across products for Asia-Pacific LDCs duty-free access in the developed country markets (in percentage)



Source: compiled using data provided by UNCTAD, ITC and WTO, available at www.mdg-trade.org

Using the Annex I data again, Figure 4 extracts two data points (1996 and 2007) for each of the countries observed to illustrate the changes over time. As illustrated by the figure, the duty-free treatment granted to some of the region's LDCs now covers a significantly larger percentage of imports than it did in 1996. While in 1996 the imports from only two small island LDC in the region were 100 per cent duty-free, in 2007 that was the case for eight of them. A further interesting observation is that landlocked LDCs (Afghanistan, Bhutan, Lao PDR and Nepal) on average benefit from a lesser proportion of duty-free access than the other LDCs in the region.

Figure 4. Tracking exports of the LDCs of the Asia-Pacific region (all products except arms) admitted to developed country markets duty-free (in percentage)



Source: Annex I, compiled using data provided by UNCTAD, ITC and WTO, available at www.mdg-trade.org

Over the past decade, several advanced developing countries have also started providing unilateral market access preferences to LDCs. This is a significant development in the context of increased South-South trade especially in the Asia-Pacific region (UNCTAD, 2008). The Republic of Korea, China and India have now all instituted duty-free tariff preference schemes for LDCs.[11]

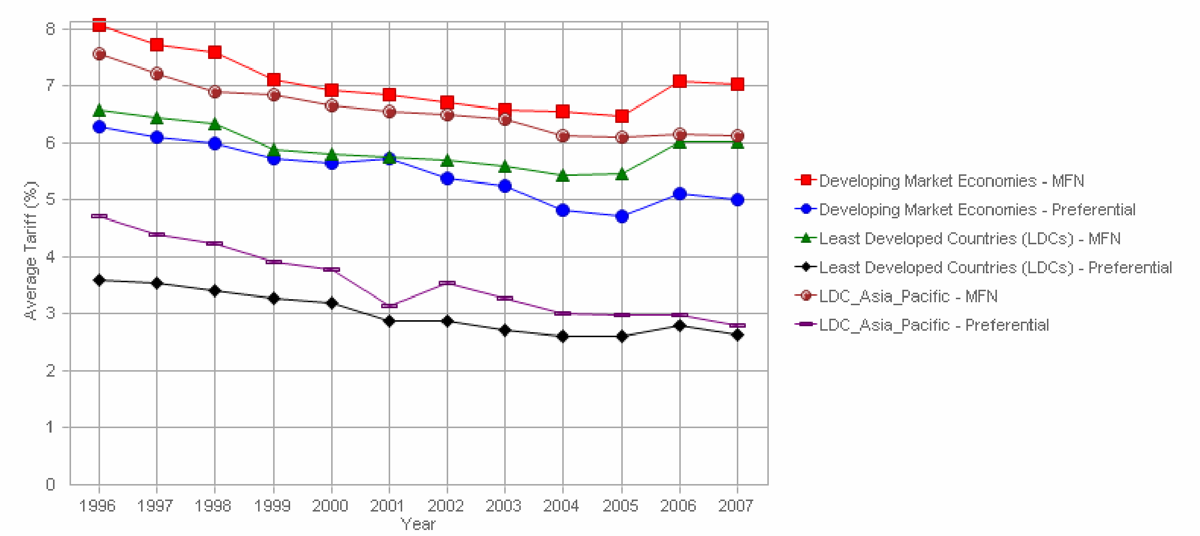
The difficulty of unilateral preferential schemes is that this status is enjoyed on a non-reciprocal basis, with the duration, extent in terms of preferential margins and sectoral coverage depending on the policies of the granting countries. These case-by-case rules provide no stability or predictability for LDCs, and can therefore not substitute for WTO membership.

As a result of both WTO membership and the proliferation of preferential trade agreements, tariffs applicable to LDC exports have decreased significantly over the past 10 years. The tables in Annexes II, III and IV detail the information on average tariffs (both MFN and preferential rates) imposed by developed countries on four separate categories of export products of Asia-Pacific LDCs: agricultural products, industrial products, textiles, and clothing. Figure 5 compares the developments in MFN and preferential tariff rates for all products for three country categories - developing market economies, all LDCs and LDCs in Asia and the Pacific. It illustrates that progress in the reduction of MFN tariffs for all groupings halted in 2004, and that only preferential tariffs continued to fall for LDCs. At this highly aggregated level of trade,

[11] See Rajan (2009) and Khan and Farhad (2009) for more details.

this implies that LDCs were able to improve margins of preference vis-à-vis developing countries at large in the developed countries markets. Asia-Pacific LDCs face higher preferential tariffs on all product categories than all LDCs on average, and in the case of industrial tariffs face higher tariffs than all developed market economies, indicating that they are perceived as more competitive than the other LDCs. However, since 2004, the advantage of other LDCs has eroded to the point where by 2007, the preferential tariff rate difference was practically insignificant.

Figure 5. Average Tariffs Imposed by Developed Market Economies on All Products except Arms from Developing and Least Developed Countries, as compared with LDC in Asia –Pacific

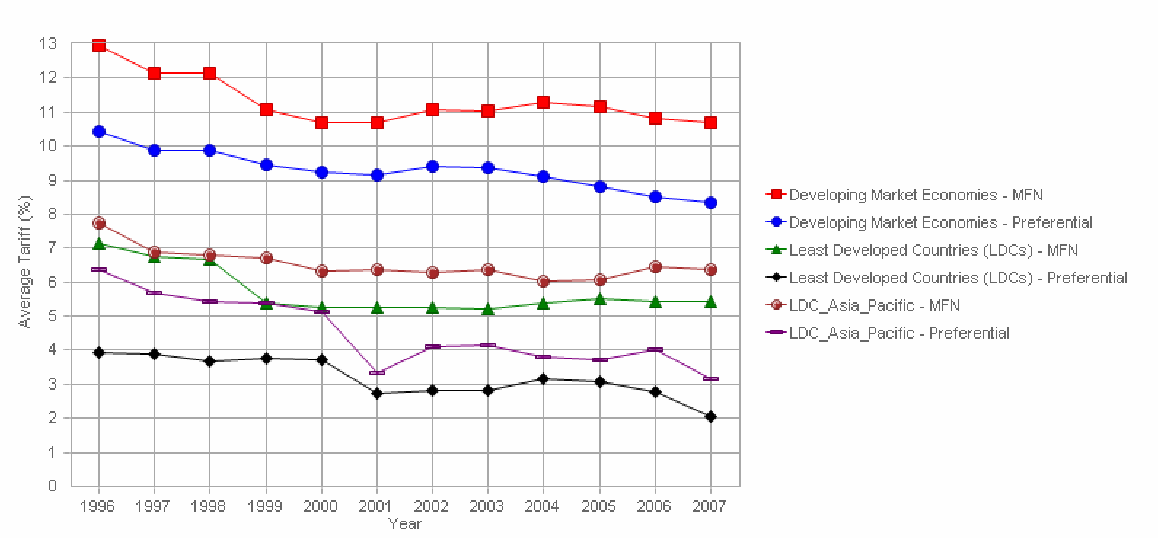


	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Developing Market Economies - MFN	8	8	8	7	7	7	7	7	7	6	7	7
Developing Market Economies - Preferential	6	6	6	6	6	6	5	5	5	5	5	5
Least Developed Countries (LDCs) - MFN	7	6	6	6	6	6	6	6	5	5	6	6
Least Developed Countries (LDCs) - Preferential	4	4	3	3	3	3	3	3	3	3	3	3
LDC_Asia_Pacific - MFN	8	7	7	7	7	7	7	6	6	6	6	6
LDC_Asia_Pacific - Preferential	5	4	4	4	4	3	4	3	3	3	3	3

Source: www.mdg-trade.org

Despite the implementation of some preferential concessions between 2004 and 2007, tariffs for agricultural products remain relatively high. Figure 6 shows that there has been almost no reduction in MFN rates for any of the groupings since 2004, though preferential rates for Asia-Pacific LDCs are on average 1 percentage point above the rate applicable for all LDCs. In the same period, MFN and preferential tariffs on imports of industrial goods remained flat (Figure 7). Asia-Pacific LDCs face the highest tariffs among the different country groupings, both at MFN and preferential levels. In clothing exports, however, the level of MFN faced by developing countries and LDCs since 2005 is almost the same (around 12 per cent) while the preferential rates for developing countries continued to decline with almost flat preferential rates fro LDCs. This signals growing margins of preference for developing countries and eroded ones for LDCs (see also Annex III).

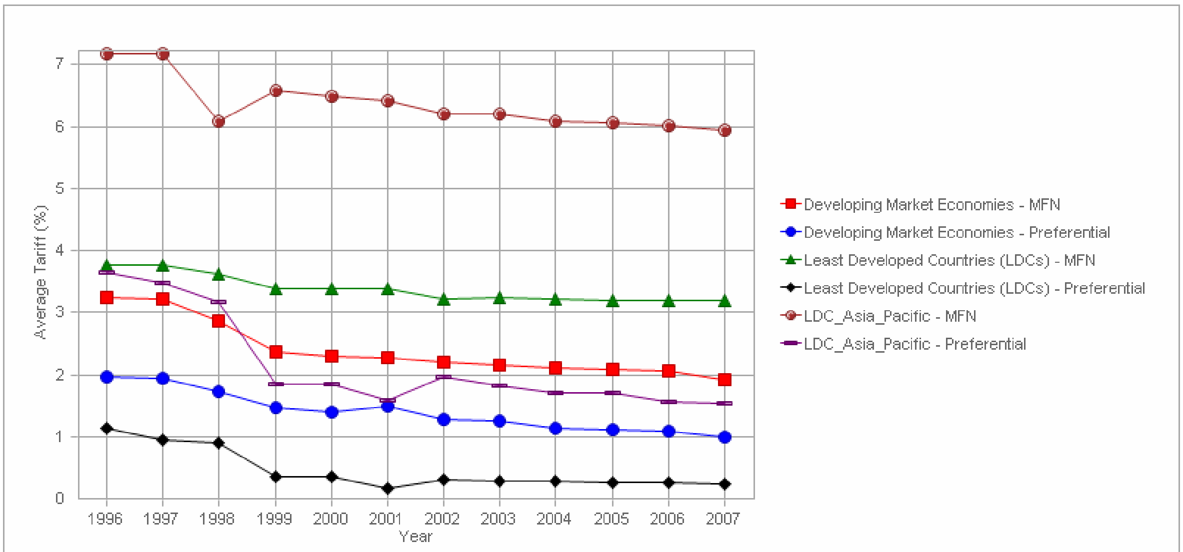
Figure 6. Average Tariffs Imposed by Developed Market Economies on Agricultural Products from Developing and Least Developed Countries, as Compared with LDC in Asia –Pacific



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Developing Market Economies - MFN	13	12	12	11	11	11	11	11	11	11	11	11
Developing Market Economies - Preferential	10	10	10	9	9	9	9	9	9	9	9	8
Least Developed Countries (LDCs) - MFN	7	7	7	5	5	5	5	5	5	6	5	5
Least Developed Countries (LDCs) - Preferential	4	4	4	4	4	3	3	3	3	3	3	2
LDC_Asia_Pacific - MFN	8	7	7	7	6	6	6	6	6	6	6	6
LDC_Asia_Pacific - Preferential	6	6	5	5	5	3	4	4	4	4	4	3

Source: www.mdg-trade.org

Figure 7. Average Tariffs Imposed by Developed Market Economies on Industrial Products from Developing and Least Developed Countries, as Compared with LDC in Asia-Pacific



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Developing Market Economies - MFN	3	3	3	2	2	2	2	2	2	2	2	2
Developing Market Economies - Preferential	2	2	2	1	1	1	1	1	1	1	1	1
Least Developed Countries (LDCs) - MFN	4	4	4	3	3	3	3	3	3	3	3	3
Least Developed Countries (LDCs) - Preferential	1	1	1	0	0	0	0	0	0	0	0	0
LDC_Asia_Pacific - MFN	7	7	6	7	7	6	6	6	6	6	6	6
LDC_Asia_Pacific - Preferential	4	3	3	2	2	2	2	2	2	2	2	2

Source: www.mdg-trade.org

Growth of LDC exports

While the above analysis on market access for LDCs appears encouraging, the reality of exports by LDCs is less so. Indeed, while market access has improved over the past decade, the share of exports of Asian LDCs as part of all world exports remains very low and has shown little growth over the past decade (Table 5): exports from the world's 49 LDCs account for barely over 1 per cent of world trade. This data suggests that factors beyond market access must be limiting LDCs' exports. Part IV examines Aid for Trade as one of the factors that is most likely to influence export growth.

Table 5. LDCs remain marginalized in world trade

	2001	2006	2008	2001	2006	2008
	Merchandise (%)			Services (%)		
LDCs	0.58	0.86	1.07	0.5	0.5	0.5
LDCs Asia	0.24	0.25	0.24	0.16	0.14	0.15
Developing countries	25.5	32	33.5	18.9	21.8	22

Source: UNCTAD Globalstat Database

IV. Improving supply-side conditions: increasing Aid for Trade

As the limitations of preferential market access have become apparent and the effectiveness of traditional forms of aid has been challenged, more emphasis has been placed on addressing trade-capacity constraints in developing countries through Aid for Trade. The Hong Kong WTO Ministerial Declaration of 2005 adopted the goal of increasing trade competitiveness on the supply side, including through so-called Aid for Trade. Such aid often seeks to alleviate common hurdles developing countries such as high trade costs, need for infrastructure and low competitiveness. Aid for Trade usually targets one or several of the following areas:

1) Productive capacity (including trade development): investing in industries and sectors so that countries can diversify exports and build on comparative advantages;

2) Infrastructure: building the roads, ports, and telecommunications that link domestic and global markets;

3) Technical assistance: helping countries to develop trade strategies, negotiate more effectively, and implement outcomes; and

4) Adjustment assistance: helping with the costs associated with tariff reductions, preference erosion, or declining terms of trade.

Data on Aid for Trade

At present, the most advanced tracking of Aid for Trade flows is conducted by the OECD and the WTO. In their report *Aid for Trade at a Glance 2009*, Aid for Trade is tracked by four monitoring and evaluation mechanisms that are composed of partner self-assessment, donor self-assessment, global aid for trade flows and performance indicators. The traditional Creditor Reporting System (CRS) database of the OECD, which covers 90% of all ODA flows and has the most reliable and longest ranging database, has less detailed information in trade-related technical assistance and trade development.

Recipients of Aid for Trade

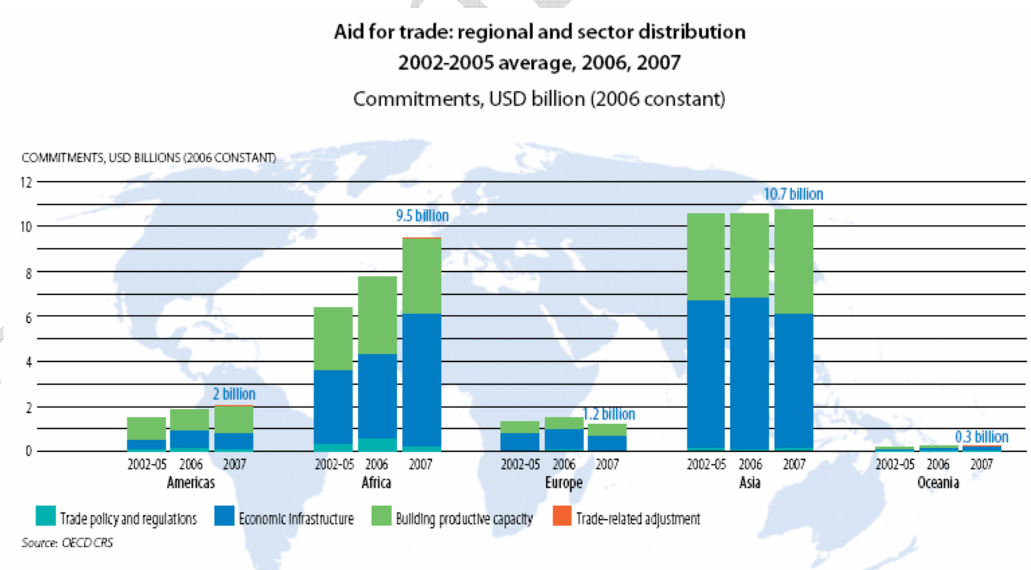
According to the data in OECD/WTO's *Aid for Trade at a Glance 2009*, Asian countries received 45.1 per cent of commitments of Aid for Trade in the world in 2007, compared to 40 per cent for Africa (Figure 8). Afghanistan and Bangladesh are two of the top 20 recipients in 2007 of the entire world (Table 6).

Table 6. Top ranked recipients of Aid for Trade in 2007

Top AfT recipients in 2007	Share in total AfT (%)	Rank in the world
India	7.7	1
Viet Nam	6.6	2
Afghanistan	5.3	3
(Iraq)	4.4	4
Indonesia	3	6
Bangladesh	2.6	9
Top Asian developing countries (total share)	29.6	

On the recipient side, eight of the LDCs of Asia and the Pacific have adopted formal policies to increase their competitiveness in trade. Bangladesh, Cambodia, Myanmar and Nepal are fully mainstreaming trade policy objectives into their national development strategies, while Afghanistan, Lao PDR, Maldives and Vanuatu are take initial steps in that direction.

Figure 8. Aid for trade: regional and sector distribution, 2002-2005 average, 2006, 2007



Source: OECD/WTO, Aid for trade at a glance 2009

Table 7 below shows recent Aid for Trade flows into countries in Asia and the Pacific as well as the sub-categories they were allocated to. These four sub-categories are trade policy and regulations, economic infrastructure, building productive capacity and trade related adjustments. In 2007, the countries in Asia and the Pacific received Aid for Trade commitments averaging US$136.2 million; however, as shown in Figure 9, the percentage of disbursements is quite small at an average 52.7 per cent. Five countries, Afghanistan, Cambodia, Myanmar, Nepal and Samoa were able to receive close to or above the committed amount of aid (Afghanistan, Nepal and Samoa received 181.8 per cent, 146.1 per cent and 127.2 per cent of pledged commitments, respectively). In contrast, two countries, Bangladesh and Lao PDR, receive none of the committed aid, while Maldives, the country benefiting from the largest commitment of Aid for Trade, received only 25.4 per cent of the committed aid. More research is required to explain this data.

Table 7. Distribution of Aid for Trade-Commitments and Disbursements in million USD in 2007 (based on 2006 constant price)

Commitments/ Disbursement	Total		Trade Policy & Regulations *(e.g. trade facilitation, regional trade agreements, multilateral trade negotiations)*		Economic Infrastructure *(e.g. transport, communications, energy supply)*		Building Productive Capacity *(e.g. financial services, business, industry, agriculture, tourism)*		Trade-Related Adjustment *(e.g. budget support for trade reforms and adjustments)*	
Asia	10,723.5	-	168.2	-	5,948.0	-	4,607.2	-	0.0	-
Oceania	274.3	-	2.6	-	184.0	-	884..0	-	3.7	-
AVG. LDCs in AP	136.2	71.8	1.8	1.4	52.6	30.9	80.3	38.6	0.06	0.85
Afghanistan	23.6	42.9	1.1	1.3	7.7	24.6	14.8	17.1	-	-
Bangladesh	13.8	0.0	0.1	0.0	-	-	13.7	-	-	-
Cambodia	145.1	116.4	8.3	1.5	84.2	50.2	52.5	57.9	0.0	6.8
Lao PDR	62.2	1.2	0.2	0.2	45.7	0.5	6.2	0.5	-	-
Maldives	653.6	166.2	2.8	0.3	227.1	94.4	423.6	71.5	-	-
Myanmar	27.3	25.7	1.0	1.0	2.6	7.1	23.7	17.6	-	-
Nepal	69.4	101.4	0.4	2.1	50.6	28.4	48.3	70.9	-	-
Samoa	94.5	120.2	0.8	4.8	33.2	42.1	59.9	73.3	0.5	-

Source: OECD Creditor Reporting System
** Data on Bhutan, Kiribati, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu is not available*

Figure 9. Total disbursement ratio of Aid for Trade to Asia Pacific's LDCs in 2007

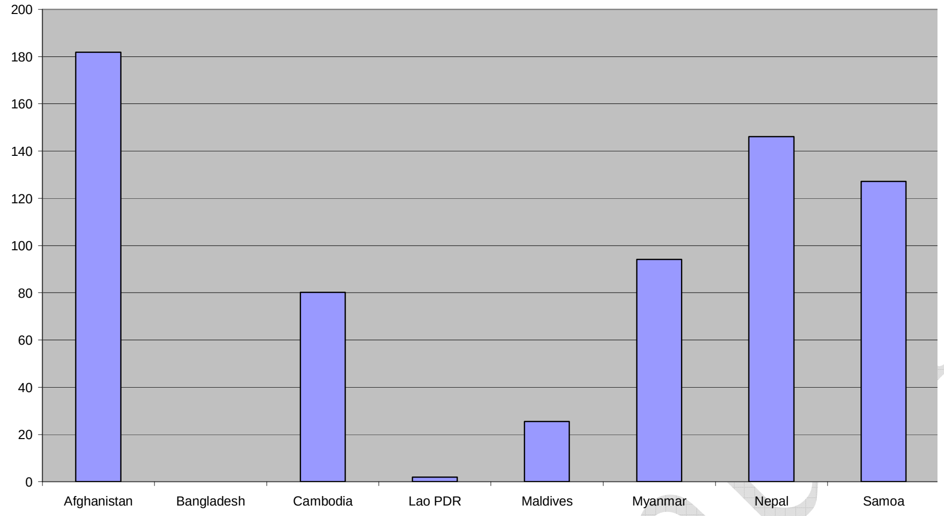


Figure 10. Aid for Trade Disbursement Ratio for Trade Policy and Regulations in 2007

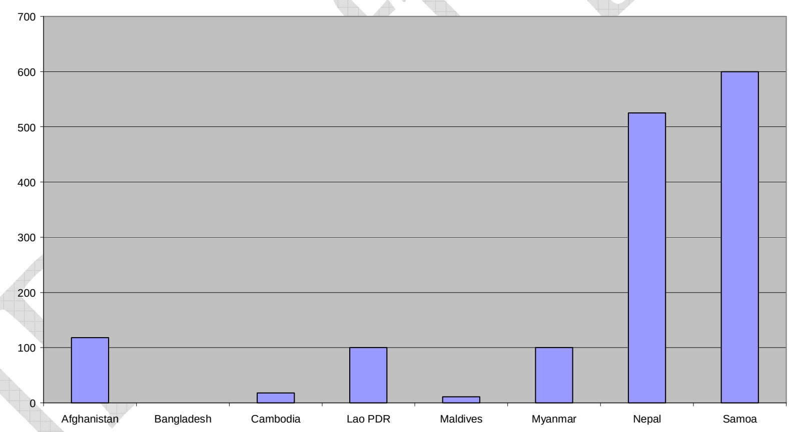


Figure 11. Aid for Trade Disbursement Ratio for Economic Infrastructure in 2007

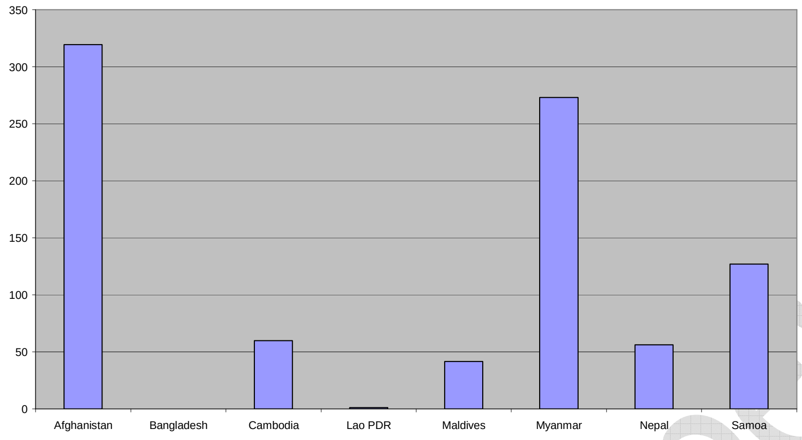
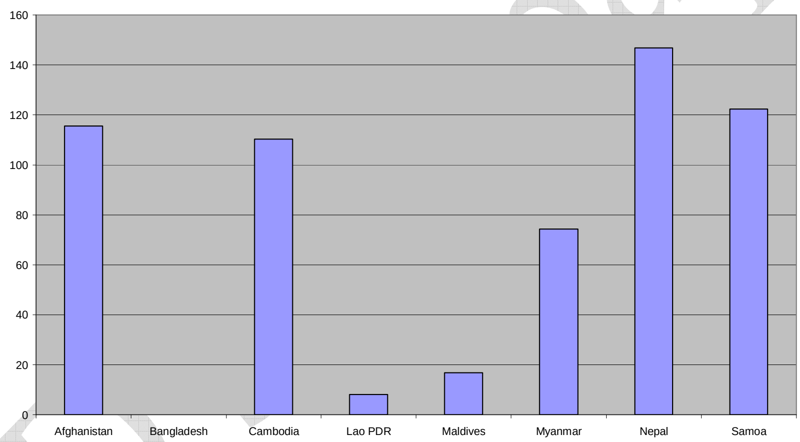


Figure 12. Aid for Trade Disbursement Ratio for Building Productive Capacity in 2007



In addition to the above documented Aid for Trade flows, a number of projects for improving trade competitiveness in Asia and the Pacific have been implemented through international organizations such as the Asian Development Bank or the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). Such projects include Greater Mekong Subregion programs which have invested in strengthening transport corridors.

V. Conclusions and Policy Recommendations

On Market Access

- The LDCs of Asia and the Pacific have fared relatively well, especially as compared to LDCs in other regions: in the aggregate, they receive broader duty-free access and more Aid for Trade than LDCs in other regions. Still, as tariffs in most areas have fallen overall, the preferential access that LDCs had previously enjoyed has been to some extent eroded.

- While duty-free and quota-free access is important, attention must also be given to non-tariff and non-border measures, such as sanitary and phyto-sanitary measures, which frequently restrict LDC exports in the areas of agricultural products and industrial goods. More transparency is needed to determine the number and extent of non-tariff barriers used by developed countries to limit imports from developing countries and LDCs.

- Despite the improved market access provided by developed countries, the share of LDC exports in world exports remains flat: LDCs have made few actual gains in world markets. This trend may be explained in part by the increasing competition some LDCs now face for their main exports (such as ready-made garments) by countries like China. In addition, the current global economic crisis has highlighted the vulnerability of economies such as Cambodia's which rely heavily on a limited number of export items. Aid for Trade should assist these and other countries to achieve greater stability through export diversification.

- The current targets and indicators fail to address services trade, which has become increasingly competitive for developing countries and may in the future become a revenue earner for LDCs as well.

- The data compiled by the OECD and WTO does not adequately reflect the rise of aid and preferential treatment schemes offered by developing countries (including Republic of Korea, China and India) to LDCs. With rising South-South trade especially in Asia and the Pacific, such preferences gain increasing significance and warrant further research.

On Aid for Trade

- Over the past few years, Aid for Trade as a sub-set of official development assistance has become entrenched, and the different categories of Aid for Trade have become affirmed. As a result, data availability is improving. This trend should be encouraged, as it helps donors and recipients to formulate effective aid and trade policies.

- The importance of Aid for Trade, and in particular the subset Aid for Trade Facilitation, is now widely recognized, especially for geographically disadvantaged countries. In addition, research suggests that trade policy formulation can positively affect domestic governance, such as overall market transparency and corruption.

- In the context of the global economic crisis, an overwhelming challenge is to maintain momentum in helping LDCs improve their trade competitiveness. As a key to development and poverty reduction, the creation of a more equitable trading system should remain at the top of the global policy agenda.

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Annex

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Annex I. Proportion of total developed country imports (by value and excluding arms) from developing countries and from the least developed countries, admitted free of duty (in percentage)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Developing Market Economies	54.20	55.28	54.22	63.23	64.91	63.98	68.52	70.82	75.80	75.89	77.18	78.98
Least Developed Countries (LDCs)	77.62	76.80	77.72	72.22	69.85	70.70	73.91	77.52	80.25	80.39	79.06	79.81
LDCs -Asia	54.23	56.41	54.65	53.21	53.39	55.18	52.16	59.03	64.94	62.16	65.12	65.80
Afghanistan	85.38	90.40	90.65	86.47	99.34	98.04	68.86	92.56	99.21	99.63	99.80	99.62
Bangladesh	57.27	55.95	56.77	57.11	57.51	58.44	61.20	70.38	74.65	70.91	71.80	71.55
Bhutan	88.90	81.24	90.10	66.35	81.14	40.45	77.44	82.49	92.76	89.62	90.74	95.85
Cambodia	94.09	61.67	36.11	34.05	31.74	34.54	34.77	36.89	41.41	34.93	34.69	35.07
Kiribati	33.80	42.31	51.42	19.39	8.34	6.02	8.77	6.52	34.15	67.45	59.01	98.87
Laos PDR	82.55	83.44	82.20	87.02	90.08	96.25	95.65	95.79	97.39	97.82	95.02	93.01
Maldives	25.08	15.48	12.54	26.73	23.93	24.44	22.17	21.83	28.61	62.80	75.52	99.86
Myanmar	50.27	53.15	51.82	50.22	46.75	51.74	18.78	27.91	33.83	51.89	52.05	63.19
Nepal	63.30	62.23	56.45	51.51	44.15	44.61	44.78	43.19	61.45	71.02	75.59	80.63
Samoa	99.80	99.95	99.42	99.64	98.78	98.54	96.92	97.88	98.65	99.47	99.41	99.76
Solomon Islands	77.09	79.57	70.59	67.70	74.37	72.24	69.46	72.83	78.68	98.93	99.38	100.00
Timor-Leste	72.13	99.18	99.78	98.02	98.44	96.38	86.35	87.40	99.61	92.54	99.99	99.99
Tuvalu	100.00	100.00	100.00	100.00	96.66	97.37	100.00	100.00	100.00	99.85	99.78	100.00
Vanuatu	57.48	81.14	83.92	77.50	59.36	81.09	76.52	58.17	57.91	55.78	30.03	99.95

Source: Compiled using UNCTAD/ITC/WTO data available at www.mdg-trade.org.

Note: LDCs-Asia includes Afghanistan, Bangladesh, Bhutan, Cambodia, Maldives, Myanmar, Nepal and Yemen.

Annex II . Average tariffs imposed by developed countries on agricultural products from developing countries

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential
Developing Market Economies	12.95	10.42	12.16	9.88	12.13	9.87	11.07	9.46	10.70	9.24	10.69	9.17	11.07	9.42	11.03	9.38	11.29	9.10	11.15	8.81	10.80	8.52	10.69	8.35
All LDCs	7.12	3.95	6.74	3.88	6.66	3.67	5.37	3.76	5.26	3.71	5.27	2.74	5.24	2.81	5.24	2.81	5.40	3.15	5.51	3.09	5.41	2.78	5.41	2.06
Afghanistan	2.48	2.43	2.54	2.48	2.53	2.48	2.52	2.40	2.51	2.39	2.51	2.36	2.24	1.95	2.23	1.94	0.84	0.42	0.84	0.42	0.86	0.42	0.86	0.26
Bangladesh	10.15	7.26	9.94	7.18	9.78	6.03	9.57	5.61	9.34	5.49	9.34	3.74	10.22	3.56	10.25	3.50	10.50	3.96	10.60	3.58	11.40	3.95	10.75	3.40
Bhutan	23.89	19.23	22.74	18.24	22.54	16.46	20.37	12.47	19.94	12.13	19.93	4.28	13.63	3.68	14.13	3.70	16.80	7.30	14.87	4.95	16.82	6.92	17.50	5.04
Cambodia	6.80	5.57	6.51	5.66	6.18	4.86	4.70	2.37	4.58	2.28	4.57	0.39	12.28	0.26	12.28	0.29	12.47	0.46	12.41	0.33	12.49	0.42	12.54	0.31
Kiribati	7.39	2.05	7.02	1.88	6.84	1.72	5.86	1.72	5.69	1.69	5.69	0.70	6.28	1.27	6.30	1.24	5.42	1.07	5.41	1.05	5.38	1.04	5.36	0.01
Laos PDR	2.92	1.19	2.53	1.18	2.50	1.10	1.40	0.90	1.37	0.88	1.37	0.67	1.36	0.75	1.35	0.75	1.01	0.40	0.95	0.34	0.84	0.35	1.03	0.26
Maldives	9.60	6.60	9.30	6.56	9.18	6.35	8.71	7.05	8.44	6.68	8.44	5.70	8.32	5.83	8.30	5.81	8.34	5.83	9.15	6.65	9.16	6.65	8.34	5.68
Myanmar	11.64	11.39	9.24	9.06	9.06	8.88	10.19	9.74	9.30	8.86	9.38	5.94	9.13	9.07	9.41	9.27	9.70	9.55	9.78	9.57	10.75	10.40	10.69	8.46
Nepal	3.49	2.44	3.40	2.38	3.41	2.27	9.19	1.05	2.93	1.00	2.91	0.81	3.47	0.88	3.40	0.84	3.49	1.39	3.51	1.38	3.75	1.01	3.84	0.25
Samoa	12.21	3.32	11.54	3.24	11.42	3.04	9.81	3.71	9.57	3.49	9.57	1.84	9.75	1.87	9.84	1.82	9.61	1.62	9.56	1.60	9.98	1.61	9.91	0.39
Solomon Islands	8.39	2.91	7.93	2.82	7.78	2.66	6.40	2.42	6.20	2.59	6.20	2.50	5.68	2.35	5.68	2.36	5.68	2.28	5.70	2.14	5.71	2.15	5.69	2.00
Timor-Leste	1.83	1.83	1.42	1.42	1.40	1.40	0.15	0.15	0.14	0.14	0.14	0.14	0.93	0.93	0.95	0.94	0.95	0.81	0.96	0.74	0.84	0.61	0.58	0.29
Tuvalu	4.35	3.69	4.21	3.60	4.06	2.42	3.81	0.06	3.64	0.05	3.64	0.05	5.78	0.91	5.78	0.91	5.80	0.81	5.53	0.81	5.53	0.81	4.74	0.66
Vanuatu	15.95	12.10	15.16	12.16	15.16	11.91	12.42	9.92	12.28	9.90	12.28	2.21	11.67	2.17	11.58	2.15	11.76	1.99	11.82	1.88	11.82	1.84	11.77	0.72

Source: Compiled using UNCTAD/ITC/WTO data available at www.mdg-trade.org.

** All Least Developed Countries (LDCs) as defined by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.*

Annex III. Average tariffs imposed by developed countries on industrial products from developing countries

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential
Developing Market Economies	3.25	1.97	3.23	1.95	2.86	1.72	2.38	1.46	2.29	1.40	2.28	1.49	2.19	1.28	2.15	1.24	2.10	1.14	2.08	1.11	2.06	1.10	1.92	0.99
All LDCs*	3.77	1.14	3.77	0.94	3.61	0.89	3.40	0.35	3.38	0.35	.3.38	0.16	3.22	0.30	3.24	0.27	3.22	0.27	3.20	0.27	3.19	0.26	3.21	0.23
Afghanistan	16.03	15.12	16.00	15.01	15.86	14.90	15.59	14.90	15.59	14.90	15.58	14.84	13.07	12.30	13.01	12.18	1.60	0.14	1.57	0.12	1.48	0.10	1.38	0.04
Bangladesh	6.36	3.11	6.24	3.00	5.52	2.74	5.63	0.74	5.56	0.73	5.48	0.65	5.40	0.66	5.42	0.53	5.42	0.54	5.41	0.53	5.41	0.53	5.37	0.49
Bhutan	2.89	0.70	2.86	0.56	2.19	0.51	2.05	0.50	1.86	0.49	1.84	0.47	1.88	0.48	1.88	0.44	1.87	0.44	1.86	0.44	1.88	0.43	1.80	0.42
Cambodia	17.34	8.91	17.47	7.85	13.58	7.31	16.76	6.85	16.54	6.80	16.31	6.61	16.07	6.63	16.04	6.20	16.03	6.20	15.96	6.18	15.96	6.17	16.08	6.00
Kiribati	6.32	0.67	6.28	0.63	6.23	0.58	6.12	4.73	6.12	4.73	6.12	0.53	1.94	0.54	1.94	0.54	1.94	0.54	1.93	0.54	1.93	0.54	1.95	0.02
Laos PDR	13.46	10.61	13.45	10.30	12.43	10.24	13.04	10.21	12.98	10.20	12.92	10.00	15.49	12.84	15.48	12.72	8.88	6.12	8.89	6.14	5.51	2.77	5.43	2.71
Maldives	9.55	8.21	9.53	8.18	9.30	8.11	9.28	3.72	9.27	3.68	9.28	2.81	7.17	2.25	7.17	2.25	7.16	2.24	7.15	2.24	7.16	2.24	5.55	1.04
Myanmar	4.12	2.45	4.45	2.71	3.37	2.25	3.64	0.95	3.62	0.94	3.58	0.81	3.52	2.50	3.55	2.43	3.56	2.46	3.55	2.46	3.54	2.01	3.31	2.24
Nepal	3.87	0.53	3.62	0.51	3.39	0.50	2.97	0.48	2.93	0.48	2.91	0.12	2.43	0.18	2.37	0.16	2.32	0.17	2.31	0.16	2.46	0.23	2.45	0.23
Samoa	3.01	0.45	3.00	0.45	2.98	0.44	2.78	0.65	2.77	0.65	2.77	0.05	2.51	0.40	2.51	0.40	2.52	0.40	2.43	0.40	2.43	0.40	2.43	0.35
Solomon Islands	6.00	2.18	5.97	1.45	5.90	1.43	5.84	2.64	5.83	2.62	5.84	1.35	4.41	1.31	4.40	1.30	4.39	1.30	4.39	1.29	4.38	1.29	4.38	1.09
Timor-Leste	2.29	2.22	2.26	2.20	1.92	1.89	1.04	1.01	0.96	0.94	0.96	0.93	1.30	1.27	1.30	1.26	1.27	0.86	1.24	0.80	1.20	0.73	1.20	0.25
Tuvalu	3.62	2.01	3.39	1.38	3.15	0.34	2.82	0.17	2.76	0.17	2.65	0.10	3.05	0.40	3.12	0.38	3.07	0.33	2.98	0.26	2.97	0.26	3.00	0.27
Vanuatu	2.68	0.33	2.63	0.31	2.59	0.27	2.50	1.22	2.49	1.22	2.49	0.24	1.71	0.32	1.71	0.32	1.72	0.33	1.72	0.32	1.72	0.32	1.76	0.08

Source: Compiled using UNCTAD/ITC/WTO data available at www.mdg-trade.org.

** All Least Developed Countries (LDCs) as defined by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.*

Annex IV. Average tariffs imposed by developed countries on textiles from developing countries

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential
Developing Market Economies	9.25	7.28	9.14	7.19	8.89	6.96	8.42	6.59	8.28	6.55	8.11	6.60	7.66	5.98	7.46	5.81	7.32	5.16	7.24	5.25	7.24	5.19	7.21	5.05
All LDCs*	7.66	4.58	7.57	4.55	7.34	4.38	6.93	4.27	6.78	4.12	6.63	3.84	6.72	3.81	6.56	3.50	6.22	3.20	6.23	3.21	6.24	3.19	6.19	3.14
Afghanistan	21.28	19.10	21.21	19.10	21.18	19.09	20.84	19.09	20.81	19.07	20.74	17.84	21.93	17.87	21.82	17.81	4.44	0.50	4.70	0.50	4.70	0.49	4.69	0.49
Bangladesh	8.19	4.59	8.00	4.48	7.72	4.28	7.33	4.17	7.19	3.98	7.04	3.28	6.89	3.73	6.75	3.21	6.62	3.13	6.53	3.14	6.53	3.14	6.52	3.05
Bhutan	8.12	3.99	8.07	3.95	7.92	3.82	7.77	3.70	7.61	3.56	7.44	2.44	7.18	3.18	6.97	2.61	6.79	2.47	6.76	2.47	6.76	2.47	6.75	2.47
Cambodia	9.92	6.11	9.77	6.01	9.43	5.67	8.97	5.52	8.81	5.29	8.64	4.53	8.45	4.82	8.29	4.23	8.15	4.13	8.00	4.08	8.00	4.08	8.03	4.02
Kiribati	14.29	8.16	14.24	8.11	13.98	7.91	12.91	7.94	13.98	9.07	13.37	8.00	12.80	7.73	12.19	7.41	11.64	6.96	11.61	6.96	11.62	6.94	11.61	6.94
Laos PDR	25.33	20.50	25.18	20.45	25.06	20.35	24.79	20.31	24.73	20.25	24.64	19.90	24.34	19.86	24.12	19.26	8.11	3.31	8.04	3.31	7.97	3.24	7.85	3.12
Maldives	6.55	4.40	6.45	4.34	6.10	4.10	5.51	3.93	5.39	3.68	5.26	2.72	5.43	3.19	5.31	.3.04	5.20	3.00	5.24	3.02	5.24	2.95	5.19	2.79
Myanmar	9.14	5.05	9.05	5.28	8.84	5.08	8.39	4.99	8.27	4.89	8.14	4.40	7.63	6.73	7.44	6.47	7.41	6.43	7.38	6.43	7.38	5.91	7.36	6.40
Nepal	4.97	2.73	4.91	2.73	4.75	2.63	4.32	2.54	4.16	2.42	4.02	0.96	5.11	0.87	4.88	0.73	4.68	0.63	4.79	0.63	5.23	0.63	5.22	0.63
Samoa	7.80	3.27	7.72	3.25	7.53	3.11	7.32	2.97	7.16	2.87	6.87	2.14	6.69	2.57	6.60	2.21	6.39	2.09	6.29	2.09	6.29	2.09	6.14	1.99
Solomon Islands	14.69	10.03	14.55	9.64	14.06	9.18	13.39	9.00	13.15	8.81	12.84	7.83	12.48	7.89	12.10	7.50	11.75	7.35	10.00	5.75	9.99	5.74	11.68	7.42
Timor-Leste	8.30	8.14	8.22	8.05	7.94	7.82	7.52	7.39	7.33	7.20	7.11	7.00	6.83	6.72	6.92	6.81	6.84	5.63	6.73	4.20	6.70	3.82	6.63	2.86
Tuvalu	10.02	4.50	9.91	4.49	9.71	4.40	9.02	4.15	8.87	4.08	8.67	3.27	8.33	4.48	7.95	2.99	7.63	3.57	7.24	2.37	7.24	2.37	7.24	2.37
Vanuatu	18.08	13.36	17.94	12.79	17.28	12.09	16.58	11.86	16.29	11.63	15.92	10.65	15.52	10.42	15.02	9.91	14.66	9.73	11.98	7.26	11.98	7.26	14.45	9.73

Source: Compiled using UNCTAD/ITC/WTO data available at www.mdg-trade.org.

** All Least Developed Countries (LDCs) as defined by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.*

Annex V . Average tariffs imposed by developed countries on clothing from developing countries

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential	MFN	Preferential
Developing Market Economies	14.06	11.42	13.93	11.33	13.77	11.17	13.44	10.88	13.16	10.75	12.97	11.27	12.45	10.02	12.15	9.65	11.90	8.58	11.76	8.30	11.76	8.23	11.80	8.181
All LDCs*	14.05	8.13	13.95	8.12	13.83	8.01	13.50	7.90	13.36	7.78	13.26	7.68	13.10	7.43	12.93	6.97	12.31	6.42	12.29	6.41	12.29	6.41	12.29	6.42
Afghanistan	46.56	42.19	46.45	42.13	46.34	42.04	46.21	42.02	46.11	41.91	46.01	41.38	45.84	41.79	45.76	41.12	11.02	6.46	10.92	6.46	10.92	6.46	10.92	6.46
Bangladesh	13.88	7.88	13.75	7.83	13.52	7.69	13.28	7.59	13.05	7.43	12.83	7.24	12.61	7.16	12.38	6.38	12.15	6.30	12.04	6.29	12.04	6.29	12.05	6.29
Bhutan	14.94	8.78	14.73	8.73	14.48	8.53	14.18	8.39	13.93	8.22	13.66	7.99	13.45	7.29	13.21	7.07	12.98	7.02	12.88	6.95	12.88	6.95	12.88	6.95
Cambodia	13.62	7.52	13.49	7.47	13.32	7.32	12.99	7.23	12.77	7.09	12.54	6.90	12.32	6.82	12.10	6.05	11.87	5.97	11.77	5.97	11.76	5.97	11.76	5.97
Kiribati	15.06	9.37	14.88	9.33	14.71	9.24	14.43	9.16	14.27	9.08	14.11	8.06	13.92	8.00	13.76	7.96	13.60	7.49	13.51	7.49	13.51	7.49	13.51	7.49
Laos PDR	41.88	35.75	41.75	35.70	41.65	35.64	41.41	35.61	41.28	35.56	41.14	35.49	41.04	35.55	40.90	34.86	12.55	6.66	12.46	6.67	12.45	6.67	12.46	6.67
Maldives	12.61	6.69	12.48	6.64	12.30	6.48	11.99	6.37	11.78	6.24	11.56	6.09	11.33	6.01	11.11	5.22	10.90	5.15	10.79	5.15	10.79	5.15	10.79	5.15
Myanmar	14.64	8.57	14.50	8.52	14.31	8.38	13.99	8.27	13.75	8.10	13.54	7.94	13.34	11.53	13.09	11.11	12.88	10.99	12.76	10.96	12.76	10.96	12.76	10.96
Nepal	12.30	6.76	12.22	6.72	11.96	6.46	11.62	6.29	11.49	6.16	11.38	5.80	10.95	5.94	10.74	5.26	10.53	5.18	10.44	5.18	10.96	5.21	10.96	5.21
Samoa	13.64	6.69	13.52	6.68	13.30	6.57	12.89	6.45	12.63	6.33	12.39	6.20	12.07	5.93	11.83	5.58	11.57	5.47	11.47	5.47	11.47	5.47	11.47	5.46
Solomon Islands	14.54	7.89	14.41	7.93	14.19	7.72	13.79	7.58	13.51	7.42	13.21	7.26	12.91	7.12	12.64	6.54	12.33	6.40	12.23	6.40	12.23	6.40	12.64	6..50
Timor-Leste	12.44	12.38	12.38	12.33	11.85	11.82	11.30	11.26	10.92	10.88	10.50	10.47	10.05	10.01	10.03	10.00	9.64	8.92	9.62	6.44	9.74	5.11	9.42	2.87
Tuvalu	13.38	8.86	13.20	8.76	12.95	8.56	12.60	7.37	12.36	7.22	12.13	6.13	11.86	7.77	11.62	5.87	11.39	6.95	11.29	5.32	11.29	5.32	11.29	5.32
Vanuatu	16.98	10.38	16.85	10.36	16.65	10.27	16.28	10.18	16.03	10.05	15.83	9.97	15.60	9.88	15.34	9.30	15.13	9.25	15.03	9.23	15.03	9.23	15.03	9.23

Source: Compiled using UNCTAD/ITC/WTO data available at www.mdg-trade.org.

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