



Looking at LDCs: what changes in WTO rules on domestic support could benefit LDCs the most?

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It is about policy space, and indirect impacts



Flexibilities vs Discipline:
what do LDCs really need?

How do other countries'
policies impact LDCs?

It is about policy space, and indirect impacts



13% of global population

11% 10 years ago

4.1% of global agricultural production (or \$188bn in 2022)

3.5% 10 years ago

33% of global hunger

249 mln people, +32% in 9 years

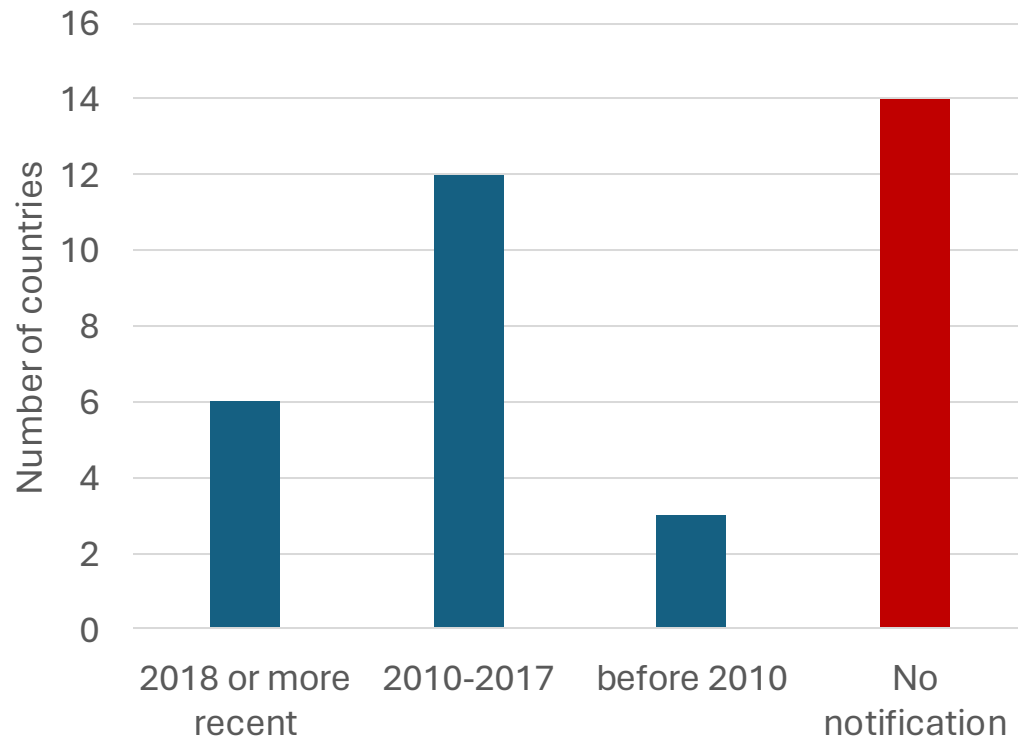
Less than 1% of document support, 1.1% in public expenditures in agriculture

?

LDCs domestic support.



A lack of notifications*



Note: some notifications are actually empty!
Source: WTO portal

Implications of policy space for LDCs

- Most LDCs have issues to know how much they actually spend, and therefore how much policy space they need → **building capacity and knowledge (e.g. MAFAP project), including for notifications**
- Except a few cases, *de minimis* (+ *Green Box and 6.2*) still provide much more space than needed → **LDCs lack fiscal resources not policy space**
- Some LDCs are using inefficient support measures → **need rethinking of inefficient policies, WTO discipline as way to solve political economy problems**
- **Countries in the graduation process need specific pathways to accommodate new disciplines**

Understanding LDCs in world markets



A changing world on agrifood markets

- **Exports:** USD 35bn, **Imports:** USD 68bn (2022) leading to **Trade deficit** of USD 33bn.
- **Since 2005:**
 - Intra LDC trade x2
 - Exports x2.7
 - Imports x2.8
 - Imports from the EU x1.9
 - Exports to the EU x1.45
 - Export to China x5.2, Chinese imports > EU imports

LDCs trade is about a few products

- Imports remain highly concentrated: **Wheat, Rice, Vegetable oil, Sugar** and **Cotton**, but processed food is growing (and cigarettes!)
- Exports become more diversified: **Coffee, Cotton, Groundnut, Cashew, Tobacco, Vegetables, Sesame seeds, Maize**
- Apparition of **niche markets:** organic products (10% of EU organic imports)

Implications



- Stricter disciplines on non-high-income countries.
- Limiting concentration of subsidies on key products: not just cotton!
- The terms-of-trade argument: higher agricultural prices on world markets in average is not good news for LDCs.
- Need to manage trade balance in the process.
- Need to put in place supply side responses in LDCs.