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

Source: FAOSTAT, Ag-Incentives
LDCs domestic support.

A lack of notifications*

<table>
<thead>
<tr>
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<th>Number of countries</th>
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<tbody>
<tr>
<td>2018 or more recent</td>
<td>4</td>
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<td>2010-2017</td>
<td>12</td>
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<tr>
<td>before 2010</td>
<td>2</td>
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<td>No notification</td>
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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.